

Acronyms

| | |
|---------|--|
| AFS | Annual Financial Statements |
| AG | Auditor -General |
| COGTA | Department of Cooperative Governance and Traditional Affairs |
| DoL | Department of Labour |
| EXCO | Executive Committee |
| FMG | Finance Management Grant |
| GKM | Greater Kokstad Municipality |
| GRAP | Generally Recognised Accounting Practice |
| ICT | Information Communications Technology |
| IDP | Integrated Development Plan |
| IGR | Intergovernmental Relations |
| LED | Local Economic Development |
| LGSETA | Local Government Sectoral Education and Training Authorities |
| LUMS | Land Use Management System |
| MEC | Member of Executive Council |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant |
| MSA | Municipal Systems Act |
| MUNIMEC | Municipalities and Member of Executive Council |
| PMS | Performance Management Systems |
| SCM | Supply Chain Management |
| MPAC | Municipal Public Accounts Committee |
| SDBIP | Service Delivery and Budget Implementation Plan |
| SDF | Spatial Development Framework |
| SMME | Small Medium Micro Enterprise |
| WSP | Workplace Skills Plan |

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A – MAYOR’S FOREWORD



It is an honour for me to present the last Annual Report for this term of Council elected into office in 2011. I am mindful that in terms of the legal requirements as contained in both the Municipal Finance Management Act, Act No.56 of 2003 and the Municipal Systems Act, Act No.32 of 2000 the Mayor has to table this report outlining every cent spent by the municipality from the public funds. I am very grateful that we are slowly redressing the financial challenges at the municipality. This is shown by

the ever improving Audit Opinion from the Auditor General.

This Annual Report is presented after the launch of Back to Basics programme by His Excellency the President of South Africa Jacob Zuma, aiming at improving the local government on issues of governance, financial management, public participation, etc. I am sure that the Annual Report presented has covered the great deal of what was expected from us. Issues of accountability and community involvement in decision making was successfully done through Mayoral Imbizo, community meetings, IDP and Budget Road shows as well as other forms of stakeholder engagements like Operation Sukuma Sakhe.

While we pride ourselves for those achievements we are still facing the following issues that need our serious attention:

- Low Economic Growth that is hampering services delivery in the country.
- High Rate of unemployment,
- HIV AIDS pandemic
- Housing backlog
- Crime
- Low influx of investors to our town, and
- Ageing infrastructure

As we going forward it will be imperative for us to look at these issues on a serious note. Yes, others are issues beyond our control however I am confident that working together as government, communities and all stakeholders we will overcome those challenges and drive the vision of this lovely town forward.

It has been a long journey since 2011, the year in which we were sworn in as this term of Council. We had achieved a lot together and we have fought battles together. Our common goal of total service delivery was realized despite the financial challenges that we had. I always liked the spirit of engagement on issues of importance by Councillors. They really showed that they are representing the needs of the people. I must thank them for that and the overall support that they gave to me as the Mayor since 2011. My sincere gratitude also goes to the Management and staff of the

municipality, government departments and all stakeholders for working with this Council. Your work is greatly appreciated.

Yours in Service Delivery

CLLR T.N. JOJOZI

MAYOR: GREATER KOKSTAD MUNICIPALITY

AUDIT COMMITTEE REPORT

Report for the financial year ended 30 June 2015.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Municipal Finance Management Act (MFMA) Section 166 and the Greater Kokstad Municipality's Audit Charter, provides that the Audit Committee must comprise at least three members with the appropriate experience and meet as often as is required to perform its functions, but at least four times a year.

Table 1.1: The following meetings took place from July 2014 to April 2015.

| Number | Date | Coverage |
|---------------|----------------|----------------------------|
| 1 | 28 July 2014 | Ordinary Quarterly Meeting |
| 2 | 25 August 2014 | APR & AFS review |
| 3 | 25 March 2015 | Ordinary Quarterly Meeting |

Table 1.1: Audit Committee Meetings - attendance of members July 2014 – April 2015

| No. | Member of Committee | Position | Number of Scheduled Meetings | Number of Meetings Attended |
|------------|----------------------------|-----------------|-------------------------------------|------------------------------------|
| 1 | Mr S. Nombembe | Chairperson | 3 | 3 |
| 2 | Mr T. Radebe | Member | 3 | 3 |
| 3 | Mr A. Jordan | Member | 3 | 2 |
| 4 | Mr S. Myeni | Member | 3 | 3 |

The audit committee members have attended meetings with various other stakeholders within the municipality including the Council, Internal Audit and the Auditor General.

2. AUDIT COMMITTEE'S RESPONSIBILITIES

The status, authority, roles and responsibilities of the audit committee are in accordance with section 166 of the Municipal Finance Management Act (MFMA), no 56 of 2003 read together with MFMA Circular 65 of 2012 as issued by National Treasury and the Systems Act 32 of 2000. Consideration has also been

given to the recommendations contained in the King Report on Governance for South Africa 2009 (King III).

The Audit Committee reviewed and formally adopted the revised Audit Committee and Internal Audit Charter

The performance of both the Internal Audit and Audit committee performance was evaluated and the results of the assessment and recommendations were presented to council by the Audit Committee Chair.

The Committee did not fulfil its responsibility as outlined in its annual work-plan which was derived from its terms of reference as outlined in the charter and the relevant legislative requirements.

The committee only meet 3 times for the during the year which is in contravention of Section 166 (4) (b) of the MFMA requiring the committee to meet at least 4 times a per annum. As outlined in the table above only one of the meetings covered the activities for the 2014/15 financial year

The term of the audit committee ended on 30 September 2014 and the council resolution to renew contracts for only one member and another on a month by month basis until the appointment of other members. This did not meet Section 166 (4) (a) of the MFMA requirements for a minimum of 3 members of the audit committee.

The existing members' contracts were renewed on a month by month basis with effect from 22 January 2015. The notice of the appointment was received by the members on 5 February 2015. One meeting was held by the committee after several attempts to get the meeting date for both the Audit Committee and the assessment of senior management. All the members resigned due to disagreements on the term of engagement.

CONCLUSION

The committee could not fulfil its role as outlined in the Audit Committee Charter, Section 166 of the Municipal Finance Management Act (MFMA), No 56 of 2003 read together with MFMA Circular 65 of 2012 as issued by National Treasury and the Systems Act 32 of 2000.



Sikumbuzo Nombembe

Chairperson: GKM Audit Committee

01 December 2015

COMPONENT B– EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

Section 121 of the Municipal Finance Management Act reads with section 46 of Municipal Systems Act, Act No.32 of 2000 regulates the manner in which the Accounting Officer should prepare both the Annual Report and the Annual Performance Report of the Municipality. In compliance with these prescripts may I join the Mayor of the municipality to present this Annual Report to all our stakeholders, especially the community of Kokstad whom we oath to serve with dignity. It was my duty to ensure that this Annual Report is done in line with the guidelines provided by the Department of Cooperative Governance and Traditional Affairs (COGTA).

The Municipal Manager is tasked by the Council to implement service delivery decisions taken by Council in line with National Key Performance Areas namely:

- Basic Service Delivery and Infrastructure;
- Local Economic Development;
- Financial Viability and Management;
- Institutional Development and Transformation; and
- Good Governance and Public Participation

On all National KPA's listed above, in my view as the Accounting Officer, the Greater Kokstad Municipality has in the main achieved most of the targets set at the beginning of the year. Our vigorous monitoring of the Service Delivery and Budget Implementation Plan (SDBIP) has seen us achieving those targets. One cannot ignore that some of the targets were not achieved and our attention will be focusing on those areas with an aim of redressing all the shortcomings.

It therefore my pleasure to submit this Annual Report to the Oversight Committee, the Audit Committee, the Council of the Greater Kokstad Municipality and the ultimate public at large.

1.1.1. GOALS, OBJECTIVES AND STRATEGIES

The municipal strategic framework indicates the alignment of the national and provincial policy objectives to those of the municipality. It also further elaborates in terms of objectives and strategies for each municipal goal as per the IDP framework guide. These are separated into the five national KPA's including the sixth Provincial Key Performance Area and further alignment to five (5) the Back-to-Basics Pillars (B2B). The five year implementation plan of the municipality is derived from these goals, objectives and strategies and it is further broken down into a one year organisational

scorecard. The organisational scorecard is further supported by a more operational Service Delivery Implementation Plan (SDBIP).

Six National Key Performance Areas:

1. Basic Service Delivery and Infrastructure;
2. Local Economic Development;
3. Municipal Financial Viability and Management;
4. Good Governance and Public Participation; and
5. Municipal Transformation and Organisational Development.
6. Cross Cutting Issues

Key Performance Areas for the Back-to-Basics approach

1. Basic services: creating decent living conditions
2. Good Governance
3. Public Participation (Putting people first)
4. Financial Management
5. Institutional Capacity

The following Key performance Areas are characterised by broad outcomes in the following table:

MUNICIPAL STRATEGIC FRAMEWORK

The municipal strategic framework indicates the alignment of the national and provincial policy objectives to those of the municipality. It also further elaborates in terms of objectives and strategies for each municipal goal as per the IDP framework guide. These are separated into the five national KPA's including the sixth provincial key Performance Area. The five year implementation plan of the municipality is derived from these goals, objectives and strategies and it is further broken down into a one year organisational scorecard. The organisational scorecard is further supported by a more operational Service Delivery Implementation Plan (SDBIP).

NATIONAL KPA: BASIC SERVICE DELIVERY

Table1.1.a: Municipal Strategic Framework

| National KPA: Basic Service Delivery | | | |
|--|--|---|------------------------------------|
| PGDS GOAL 4 (strategic infrastructure) | | | |
| Key Challenges | Municipal goal | Municipal Objective | Municipal strategies |
| Address backlog in basic services. | 1.) Ensure that all people have access to basic services | To ensure provision of basic services to communities in a | Develop and maintain road networks |

| National KPA: Basic Service Delivery | | | |
|---|---|---|--|
| PGDS GOAL 4 (strategic infrastructure) | | | |
| Key Challenges | Municipal goal | Municipal Objective | Municipal strategies |
| Management and maintenance of the existing infrastructure | | sustainable manner. | Implement the public transport study & traffic studies |
| | | | Reduce electricity use and supply vulnerability through increased efficiency, diversified and distributed supply |
| | | | Ensure that all qualifying people are included for the indigent subsidy |
| | | To ensure proper management and maintenance of the existing infrastructure. | Maintain and establish community facilities |
| | | | Implement the GKM energy master plan |
| | 2.) Create a safe, healthy and sustainable living environment | To grow Kokstad within its resources limits while containing the negative consequences of development | Facilitate the provision of sustainable human settlements. Reduce water use, reuse used water and diversify water sources Reduce the amount of waste brought into Kokstad and reuse waste through intelligent SCM and public awareness. Diversify and intensify all parts of town to create safe and mixed-use neighbourhoods |

NATIONAL KPA: LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT

| National KPA: Local Economic Development and social development | | | |
|---|---|--|--|
| PGDS GOAL 1 (JOB CREATION) | | | |
| Key Challenges | Municipal goal | Municipal Objective | Municipal strategies |
| High Rate of unemployment, Poverty and low economic growth Underdeveloped Manufacturing and Agricultural Sectors Low levels of literacy and skills development High rate of HIV/Aids. Many of Vulnerable group are prevented from participating fully in society. | 3.) Ensure all employable people are employed | Unleashing agricultural potential | Localize Kokstad –promote local produce, processing, manufacturing local markets and celebrate local building materials and construction methods |
| | | | Localize and diversify products and processing and foster a sustainable food system that includes a local culture of food |
| | | | Diversify scales of production to include small and emerging farmers |
| | | To identify and develop LED opportunities based on the | Implement the EPWP, FOOD for waste programme |

| National KPA: Local Economic Development and social development | | | |
|--|--|--|--|
| PGDS GOAL 1 (JOB CREATION) | | | |
| Key Challenges | Municipal goal | Municipal Objective | Municipal strategies |
| Disaster: Community is continuing affected by its impact and after-effects | | functions of the municipality. | Employ local Labour for all municipal capital projects |
| | | To establish economic growth and development in all economic sectors with a particular focus on agriculture, tourism, manufacturing and industry | Promote and support Kokstad as a regional centre of excellence and innovation, with a strong focus on youth development. |
| | 4.)To boost investor confidence within the GKM | Stimulate key sector that promote economic growth and create jobs as per local economic development | Support the establishment of learner ship, apprenticeship and mentorship programmes with the public & private sector Implement small town rehabilitation programmes |

NATIONAL KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

| National KPA: Good Governance and Public Participation | | | |
|---|---|--|---|
| PGDS Goal 2 & 6 (Human Resource Development & Governance And Policy) | | | |
| Key Challenges | Municipal goal | Municipal Objective | Municipal strategies |
| <p>Public representative and councillors in particular need to be more accountable to communities.</p> <p>Inter-governmental structures within Sisonke District are not optimally effective.</p> <p>Challenge to improve ward committees understanding the IDP processes, municipal systems and policies still exist.</p> | 5.)Provide strong and decisive leadership | To develop a strong institution to support consultative and participatory local government | Strengthen the functionality of ward committees |
| | | | Integrated the Community Based planning into municipal planning processes |
| | | | Develop, implement and review all relevant council policies and by-laws |
| | | Strengthen inter-governmental relations systems | Ensure proper facilitation of council, committee and MPAC meetings |
| | | | Strengthen linkages with other got departments and stakeholders Implement the communication strategy |

NATIONAL KPA: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

| National KPA: Municipal institutional development and transformation | | | |
|--|--|---|--|
| PGDS GOAL 6 (Governance and policy) | | | |
| Key Challenges | Municipal goal | Municipal Objective | Municipal strategies |
| <p>Skills gap within the municipality.</p> <p>High skilled staff</p> <p>Non-representation of certain race groups within the staff, and its inability to attract these race groups during recruitment processes.</p> | 6.)Developed and capacitated institution | To improve skills capacity for the municipality to render effective services. | Annually review and implement the Work Place Skills plan |
| | | | Implement the retention strategy |
| | | | Participate in the shared services with the district municipality |
| | | To ensure that the municipality adheres to employment equity standards | Review and implement the employment equity plan |
| | | | Strengthen the functioning of the employment equity committee |
| | | Promote participative, facilitative and accountable governance | <p>Increase participation during the development and review of the IDP</p> <p>Strengthen the functioning of the Performance Management systems</p> |

NATIONAL KPA: MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT ANALYSIS

| National KPA: Municipal financial viability & management Analysis | | | |
|--|--|---|--|
| PGDS GOAL 6 (Governance and policy) | | | |
| Key Challenges | Municipal goal | Municipal Objective | Municipal strategies |
| <p>Dependency rate is still high. 3000 household are registered as indigent</p> <p>Ensure that budget of the outer year is updated annually.</p> <p>In some instance procurement process take very long.</p> <p>Outstanding debt on rates and services owed to the municipality is high.</p> <p>Fixed assets register to be GRAP compliant</p> | 6.)Developed and capacitated institution | To enhance revenue base and ensure financial viability and management | Review and implement the revenue enhancement strategy |
| | | | Ensure timeous, regular and accurate billing of accounts |
| | | | MTEF: Produce an annual update of the Municipal MTEF. |
| | | | Strengthen the functioning of the supply chain management unit |
| | | To ensure that the organizations finances are managed sustainably | Monitor the implementation of the indigent subsidy |
| | | | Reduce municipal debt (strictly apply the debt collection policy) |
| | | | <p>Ensure timeous disbursements of funds to all creditors owed by the municipality</p> <p>Regular review and updating of the Assets register</p> |

NATIONAL KPA: SPATIAL AND ENVIRONMENTAL PLANNING

| National KPA: Spatial and environmental Planning | | | |
|---|--|--|--|
| PGDS GOAL 5 & 7 (Response to Climate Change and Spatial Equity) | | | |
| Key Challenges | Municipal goal | Municipal Objective | Municipal strategies |
| <p>Mushrooming of informal settlements on flood line and protected wetland areas.</p> <p>There is minimal integration of environmental, land use and transport management system.</p> <p>The town is fragmented and people are segregated</p> <p>A need exists to redirect growth and development to the previously disadvantaged areas and areas of economic Opportunity while focusing on the redevelopment of deteriorating areas within the municipal area.</p> <p>Kokstad is dependent on energy from ESKOM which comes from non-renewable resources</p> | 7.)Harmonious utilization of Human and natural resources | To manage pressures on biodiversity and disaster management plan | Connect integrate and rehabilitate special places and natural corridors to create an intact, functional and flourishing natural system. |
| | | | Annually review and implement the Disaster management plan |
| | | To develop viable alternative energy generation options | Reduce electricity use and supply vulnerability through increased efficiency and diversified and distributed supply |
| | 8.)To foster social compacts | To activity promote spatial concentration and co-ordination of development interventions | Diversify and intensify all parts of town to create complete neighbourhoods that are safe and mixed use, providing equal access to opportunity |
| | | | Strengthen the establishment of a hierarchy of nodes wit clearly define functions & intervention per node |
| | | Integrated land Management & spatial Planning initiatives | Integrate the physical structure of the town and connect and cluster appropriate amenities, services and economic hubs around a new public space systems |
| | Ensure development is in accordance to LUMS, SDF | | |
| | | 9.)To create options for people on where and how they opt to live, work and play | Kokstad is lively and interesting with a wide range of economic and social choices and opportunities |

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Greater Kokstad Municipality provides Electricity, Refuse Removal, & Housing as part of the Basic Services. It also provides Roads, Storm-water & Drainage together with Local Economic Development and the approval of local building plans to local communities.

The Greater Kokstad Council adopted its development vision, mission and core values as follows:

“Together building a caring and economically vibrant city with citizens’ living in a secure healthy and comfortable Environment”

The formulation of Greater Kokstad Municipal Vision is based on the objective of the Local Government as enshrined on the Constitution of the Republic of South Africa, Act 108 of 1986: Section 152 which prescribes the following as the principal mandates of the Local Government.

- To promote democratic and local government ;
- To ensure the provision of services to communities in an sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and,
- To encourage the involvement of communities and community organizations in the matter of local government.

The mission statement of Greater Kokstad Municipality is:

Providing sustainable services to communities through optimal and professional deployment of resources and enhancing economic development, safe and healthy environment

1.2.1. VALUES OF GREATER KOKSTAD MUNICIPALITY

- Caring: Showing compassion whilst delivering services to its citizens
- Accountability: Taking responsibility for decisions and actions taken.
- Transparency and honesty: openness and public involvement in municipal affairs.
- Integrity: professionalism, a commitment to ethics, and focus on justice and fairness and accountability.
- Efficiency: results orientation, cost effectiveness, superior performance, customer satisfaction.
- Professionalism: executing the mandate with diligence.
- Fairness: treat all those who do work with the municipality equally.
- Dignity: respect for everybody.
- Respect: treating all clients and partners with respect.

1.2.2. DEVELOPMENT GOALS

Development goals for the GKM were developed based on the provincial goals as outlined in the PGDS and are as follows:

- Ensure that all people have access to basic services
- Safe, healthy and sustainable living environment
- Employment of all employable people
- Increased investor confidence in the GKM
- To provide strong and decisive leadership
- Developed and capacitated institution
- To ensure human and utilization of natural resources are in harmony
- To foster social compact
- To create options for people on where and how they opt to live, work, play and pray.

1.2.3. POLULATION

Statistics South Africa's 2001 and 2011 census, Community Survey of 2007, and the Demarcation Board data have been used for the demographic and the economic information in this section.

Table 1.2.3.1: Population and households

| | POPULATION 2001 | POPULATION 2011 | % CHANGE | HOUSEHOLDS 2001 | HOUSEHOLDS 2011 | % CHANGE |
|--------------------|--------------------|--------------------|----------|--------------------|--------------------|----------|
| HGD | 456 492 | 461 419 | 1.1% | 72 244 | 112 282 | 55.4% |
| GREATER KOKSTAD | 56526 | 65 981 | 16.7% | 19 633 | 19 140 | -2.5% |

Source: Statistics South Africa, Census 2001, and 2011

The Greater Kokstad has had a population growth of 17% between 2001 and 2011. In contrast, the 2007 community survey illustrates a population decrease of 21% between 2001 and 2007. The tables below illustrate information on the population and number of household within the greater Kokstad Information.

Table 1.2.3.2: Population Density per ward

| WARD | POPULATION |
|--------|------------|
| Ward 1 | 11441 |
| Ward 2 | 7327 |
| Ward 3 | 6775 |
| Ward 4 | 11614 |
| Ward 5 | 3437 |
| Ward 6 | 9629 |
| Ward 7 | 6937 |
| Ward 8 | 8821 |
| TOTAL | 65981 |

Source: Statistics South Africa, Census 2001, 2011

Table 1.2.3.3: Household Information

| HOUSEHOLDS INFORMATION | |
|---------------------------------------|------|
| Average number of rooms per household | 2,5 |
| Average household size | 3.4 |
| Female headed households | 7962 |

Source: Statistics South Africa, Census 2001, 2011

The table below illustrates the distribution of the population based on racial groups.

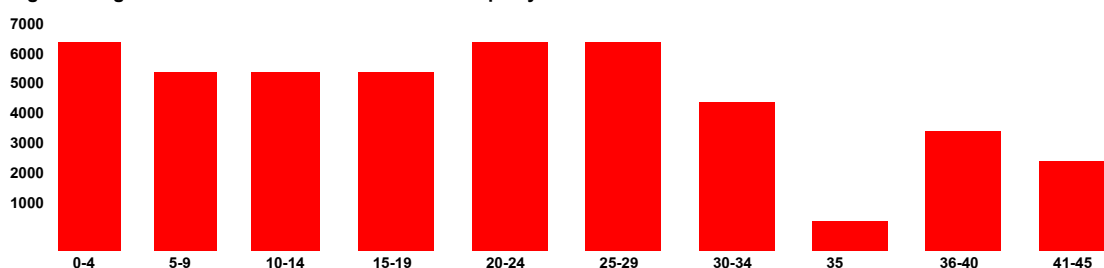
Table 1.2.3.4: Population Distribution per Race (percentage of population)

| | Harry Gwala District Municipality (2001) | Harry Gwala District Municipality (2011) | Greater Kokstad LM (2001) | Greater Kokstad LM (2011) |
|-----------------|--|--|---------------------------|---------------------------|
| African Black | 93.12 | 96.87 | 86.80 | 88.7 |
| Coloured | 3.16 | 1.64 | 7.06 | 6.79 |
| Indian or Asian | 0.38 | 0.33 | 0.66 | 1.13 |
| White | 3.34 | 1.16 | 5.48 | 3.38 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Statistics South Africa, Census 2001, 2011

Both statistics on table 1 above show that black people are dominant in the Municipality followed by coloured people, then white people. Indians or Asians are the smallest population group in the municipality. In addition, there was a reduction from 2001 to 2011 in terms of the white population both at District and local municipality level. While there has been a slight increase among the Indian/Asian part of the population.

Figure A: Age distribution in Greater Kokstad Municipality:



As shown in graph above, the Greater Kokstad population is relatively young, with 70% of the population being youth under the age of 35. About 35% of the population is still school going pointing out a need to strength the existing FET collage and to attract more institutions of higher learning in the future. This relatively young population signifies high potential for population growth in the future which further exacerbates the supply and demand scenario for more housing, education and health services

in the foreseeable future. This means that the municipality, sector departments and NGOs must direct their development plan in favour of the youth. This brings us to the key issues of concern in the area such as the high unemployment rate, lack of skills, HIV&AIDS and substance abuse.

The segment of the population falling within the 15 – 64 age groups (which makes approximately 67% of the population) would essentially be classified as the potentially economically active population of Greater Kokstad Municipality. This data also means that there must be improved in-take of social security grants especially the child support grants within the municipal area and economic growth to provide jobs for the economically active population. The Municipality has a relatively small percentage of elderly people, which brings to question whether people are not living to old-age, owing to untimely deaths or whether there is a generation of people that have left the area and are enjoying old age elsewhere.

1.2.4. EDUCATION

The table below indicates that forty six percent (46%) of the Greater Kokstad population have a secondary level of education. Approximately 37.83% of the population has some form of schooling in the form of primary education and tertiary education. An approximate 16.24 percent of the population has no schooling. Overall this means that the population of the GKM is relatively illiterate.

Table 1.2.4.1: Level of Education Table

| | DC43: HGDe | KZN433: Greater Kokstad | % |
|--|------------|-------------------------|-------|
| Grade 0 - Grade 7 / Std 5/ ABET 3 | 183768 | 20317 | 30.8 |
| NTC I / N1/ NIC/ V Level 2 - Certificate with Grade 12 / Std 10 | 5140 | 1659 | 2.51 |
| Diploma with Grade 12 / Std 10 - Post Higher Diploma Masters; Doctoral Diploma | 6027 | 1790 | 2.71 |
| Bachelors Degree - Higher Degree Masters / PhD | 3406 | 1194 | 1.81 |
| No schooling | 26549 | 2172 | 3.3 |
| Other | 418 | 85 | 1.12 |
| Unspecified | - | - | 0 |
| Not applicable | 66587 | 8459 | 12.82 |
| Grade 8 / Std 6 / Form 1 - Grade 11 / Std 9 / Form 4 | 121433 | 18764 | 28.43 |
| Grade 12 / Std 10 / Form 5 | 48091 | 11542 | 17.5 |
| Total | 461419 | 65981 | 100 |

Source: Statistics South Africa, Census 2011

1.2.5. HIV/AIDS

There is a lack of clear and reliable data regarding HIV at a local municipal level. However, it is nonetheless clear that it is a very serious issue and should be incorporated into whatever strategies or

developments that are undertaken in the study area. Typical impacts of HIV/Aids on planning and development are as follows:

- ❖ Population growth and the structure of the population will change in terms of age and gender;
- ❖ Demand for services such as school, housing and health care facilities will change;
- ❖ Decreased productivity of workers;
- ❖ Impact on capacity of institutions;
- ❖ Spatial implications;
- ❖ Impact on the local economy.

The Municipality together with the Department of Health has developed strategies that will assist both those who are affected and infected. The Department of Health has responded well in driving the HCT (HIV/AIDS Counseling and Testing) and Medical Male Circumcision campaigns in an attempt to fight this disease. However, it is important to note the following achievements by our Government in dealing with HIV and Aids:

- Department of Health has increased site for ARVs provision. Even in Greater Kokstad there has been an increase of ARV down referral sites. Beside Usher Memorial hospital, people can access ARV from Khanyiselani, Shayamoya (Thembaletu Centre), Franklin and Greater Kokstad clinics.
- Department of Health has introduced dual therapy and Mother to Child Transmission.

Greater Kokstad Municipality has furthered its efforts with Department of Health and other stakeholders by launching the Local AIDS Council that is looking at all issues related to HIV and possible solutions. While we were promoting Healthy lifestyle we were also showing our commitment to the community in ensuring an AIDS free community.

1.2.6. SPATIAL REALITIES

Greater Kokstad Municipality has three urban nodes Kokstad Town, Swartberg and Franklin. Kokstad Town is the major economic centre due to its strategic location in terms of transport network, economic and administrative activities. The National Route (N2) links the area to the major economic nodes such as Port Shepstone and Durban in the KwaZulu-Natal Province and Mthatha in the Eastern Cape Province. The R56 links Kokstad to Ixopo and Pietermaritzburg. The strategic location of Kokstad creates opportunities for economic growth. Emanating from the spatial location of the area is high population growth rate due to high migration of people from the Eastern Cape and Lesotho into the area in search for employment opportunities. The municipality is therefore faced with a challenge of planning, providing basic services, housing and creating employment opportunities for its growing communities.

There are also land reform projects in rural areas like Pakkies I and 2 and Kransdraai. Apart from the built environment, there are also agriculture, indigenous forests and areas of biodiversity. The municipality acknowledges the relationship between the built and the natural environment and has adopted an integrated approach to development and protection of the natural environment.

One major spatial challenge facing the municipality is illegal occupation of land for housing purposes. The municipality has no systems in place to deal with the situation. However, the implementation of Land Use Management System and the preparation of by-laws (to be prepared after the Land Use Scheme has been completed) will enable the municipality to control land use and apply to court to demolish any structure that is in contravention of its Land Use Scheme. This will contribute towards orderly and harmonious development.

The following spatial characteristics, issues and challenges impact on the future development of the Greater Kokstad Municipality and need to be taken forward in the IDP Process:

- Illegal occupation of land for informal housing purposes.
- Mushrooming of informal settlements on flood line and protected wetland areas.
- Kokstad town is presently not presenting a very good image for Greater Kokstad Municipality, due to the character of key infrastructure.
- There is minimal integration of environmental, land use and transport management system.
- A need exists to redirect growth and development to the previously disadvantaged areas and areas of economic opportunity while focusing on the redevelopment of deteriorating areas within the municipal area.
- There has been a substantial increase in the number of illegal small business operators that are conducting business from home without permission. This has given rise to traffic and safety problems as these areas were not designed for such purposes.

Infrastructure like roads, electricity, and telephones, the main services are in the urban areas.

1.2.7. LAND REFORM

The implementation of the land reform program within Greater Kokstad Municipality has progressed very slowly. There are a number of land claims that have been lodged on farms in Greater Kokstad. The priority redistribution is in the Pakkies area. The only transferred redistribution claim within the study area is the Kokstad Commonage redistribution project. It includes the Farm Kransfontein and is located to the east and south east of Bhongweni. The map below indicates all the land reform projects within the Greater Kokstad Municipality.

1.2.8. COMMENT ON BACKGROUND AND DATA

The data provided herein is data used from the Census 2011 report conducted by Statistics South Africa and HIS Global Insight, 2011. Greater Kokstad Municipality strives to ensure the backlogs in the delivery of Basic Services like Electricity and Housing are reduced on an annual basis.

1.3. SERVICE DELIVERY OVERVIEW

The Greater Kokstad Municipality basic services as contained in our Municipal Indigent Policy is intended to provide norms and standards for a program to improve the lives of indigents and to improve access to free basic services. The policy recognized the need for inter-government co-operation in the process of dealing with indigents but places a specific emphasis on the municipal sphere, recognizing the important role local government has in effectively addressing the needs of indigent households. This requires local understanding and local initiative, co-ordinate with support from national and provincial government.

The indigent policy seeks to address the problem of institutional exclusion by facilitating the reform of the systems of local government in ways that ensure the inclusion of the poor in ways that will guarantee their access to affordable basic services.

The implementation of the indigent policy as the basis of providing Free Basic Services was done in context of socio-economic realities facing our communities such as:

- High level unemployment
- Low income earners that have limited affordability
- High incidents of child-headed households
- Natural attrition of elderly headed households within our society.

The Municipality indigent policy apply specifically to Free Basic Services programme within Municipality i.e. free basic electricity, free basic refuse removal.

We had 3389 beneficiaries on this programme in 2014/15 financial year compared to 4909 beneficiaries in 2013/14. The equitable share allocated to the Municipality to provide free basic services is in short supply and it is advisable that an urgent application be submitted to CoGTA for the increase for the Municipality to be able to cater for the ever increasing indigent population within its jurisdiction.

1.4. FINANCIAL HEALTH OVERVIEW

In the year 2013/2014 financial year the municipality under-went going concern challenges with a current ratio of 0.71:1. Council undertook to remedy the situation by establishing an expenditure

control committee, complimented by belt tightening strategies. These efforts resulted in an improved current ratio of 1.87:1 in the 2014/2015 financial year. The municipality will continue with the austerity measures until the desired financial health status is achieved, ensuring the long term sustainability of the municipality.

Table 1.4.a Financial Overview

| Financial Overview: 2014/2015 | | | |
|-----------------------------------|-----------------|-------------------|-------------|
| Details | Original Budget | Adjustment Budget | Actual |
| <i>Income:</i> | | | |
| Grants | 102 221 000 | 103 221 000 | 110 226 603 |
| Taxes, Levies and Tariffs | 197 277 964 | 199 250 964 | 210 363 366 |
| Other | 8 045 766 | 14 969 766 | 4 015 003 |
| Sub Total | 307 544 730 | 317 441 730 | 324 604 972 |
| <i>Less: Expenditure</i> | (271 697 000) | (272 639 158) | 272 758 163 |
| Net Total* | 35 847 338 | 44 802 572 | 51 846 809 |
| <i>*Note: surplus / (deficit)</i> | Surplus | Surplus | Surplus |

Table 1.4.b Operating Ratios

| Operating Ratios | |
|------------------------------|------|
| Detail | % |
| Employee Cost | 31.8 |
| Repairs & Maintenance | 2.3 |
| Finance Charges & Impairment | 0.4 |

1.4.1. COMMENT ON OPERATING RATIOS

Employee Costs' expected to be approximately 33% to total operating cost; Actual 31.8%. The municipality is in line with the norm of 33%.

Repairs and maintenance (8%) and Actual 2.3%. The municipality's repairs and maintenance expenditure is below the norm of (8%) as per MFMA Circular no.70. This was largely due going concern challenges by the municipality.

Table 1.4.1.1: Capital Expenditure

| Total Capital Expenditure | | | |
|---------------------------|------------------|------------------|------------------|
| Detail | Year-2 (2012/13) | Year-1 (2013/14) | Year-0 (2014/15) |
| Original Budget | 89,376,187.00 | 104,970,000.00 | 64,632,000.00 |
| Adjustment Budget | 82,876,187.00 | 60,136,000.00 | 60,056,620.00 |
| Actual | 54,367,000 | 38, 343, 000 | 58,723,000.00 |

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Human Resources Function of the Greater Kokstad Municipality consists of two components: Human Resources Management (Personnel; Job Evaluation; Employee Relations; Employment Equity; Occupational Health and Safety; and HR Management Services) and Human Resources Development (Skills Development and Organizational Development).

The completion of the TASK process is considered to be a major priority for 2015/16 financial year and will have a significant positive impact on staff morale, staff uncertainties and parity between positions, as it will ultimately lead to;

- (a) "A consistent basis for pay and remuneration in which the relationships between jobs are systematic and transparent both within and between municipalities;"
- (b) "Clearer and consistent job descriptions and job titles/designation;" and
- (c) "A better understanding by employer and employees of the skills content of posts and therefore their education and training needs;"

The Greater Kokstad Municipality, during 2014/15 financial year, trained 50 employees / officials and provided financial assistance for study to 15 employees, as part of a coordinated career development process, in support of the Skills Development Strategy, IDP & Sector Skills Priorities. Internship (need to make a further indication of work skills plan and how much did the municipality and claim from LGSETA) Learnerships, Apprenticeships and community programmes undertaken in 2014/15 provided opportunities for improved employability of the youth and community. Skills programmes conducted for 8 of Greater Kokstad Municipality Councillors and Senior Managers encouraged skills enhancement within the political realm to promote democracy and decision making.

There is Workplace Skills Plan (WSP) in place in line with the Skills Development Act submitted to the Department of Labour (DoL) on the 30th of April 2015.

Greater Kokstad Municipality has 4 Section 56 Managers reporting to the Municipal Manager, namely, Executive Manager: Infrastructure, Planning and Development, Executive Manager: Corporate Services, Executive Manager: Community Development Services and Chief Financial Officer. During the financial year, one Section 56 post was vacant and it is anticipated that the post for the Executive Manager Corporate Services will be filled in the first quarter of the 2015/16 financial year. Critical posts remains unfunded for the 2015/16 financial due to slow progress in finalising the review of the organogram and budget constraints. Provision for the identified Key Critical post will be made in the 2016/17 financial year

In the 2014/15 financial year the Municipality continued with disciplinary and criminal processes against various members of staff. Due to the nature & complexity of the allegations these matters are still in the process of being finalised. Confidentiality of these sub judice disciplinary matters remains strictly confidential.

Employee absenteeism still remains a concern, during 2014/15; mechanisms for improved process control of employee leave, sick leave and overtime were put in place. The employee overtime claims, leave, sick leave are being actively surveyed, including the profiling of frequency and trends.

1.6. AUDITOR-GENERAL REPORT

1.6.1. AUDITOR-GENERAL REPORT FOR THE 2014/15 FINANCIAL YEAR

The Municipality received an unqualified audit opinion from the Auditor General for 2014/2015 financial year and an unqualified audit opinion for 2013/14.

1.7. STATUTORY ANNUAL REPORT PROCESS

| No. | Activity | Timeframe |
|-----|--|--|
| 1 | Data Collection, Preparation and finalization of the annual performance report | July 1 – August 30 |
| 2 | Preparation and finalization of the annual financial statements / consolidated financial statements | July – August |
| 6 | Audit Committee considers draft Annual Report and Annual Performance Report for the financial year | August 15 |
| 8 | Mayor tables the unaudited Annual Report | August 25 |
| 9 | Submission of the annual financial statements / consolidated financial statements and the Annual Performance Report to the Auditor General for auditing | On or before the 31 August |
| 11 | Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data | September - October |
| 12 | Municipalities receive and start to address the Auditor General's comments | November |
| 13 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report | On or before the 31st of January |
| 14 | Audited Annual Report is made public and representation is invited | Within 14 days from the date of tabling the annual report |
| | A copy of the report to be submitted to the MEC for local government in KZN, the Auditor General, Provincial Legislature and National Treasury. | Within 14 days from the date of tabling the annual report |
| 15 | Oversight report on Annual Report to commence once Annual Report has been tabled at Full Council – Oversight report to be completed within two months of the Tabling of the Annual Report to Full Council. | Start in February – completed on or before the 30th of March |
| 16 | Oversight report made available to the public within seven days of being tabled in Council | On or before the 6th of April |
| 18 | Oversight report is submitted to relevant provincial councils | |
| 19 | Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input | January |
| 20 | Annual Report adopted by Council | March |

1.7.1. COMMENT ON ANNUAL REPORT PROCESS

The Municipal Finance Management Act No. 56 of 2003, Chapter 12, prescribes that every municipality must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The purpose of an annual report is –

1. To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
2. To provide a report on performance against the budget of the municipality or municipal entity for the financial year; and
3. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

The annual report of municipality must include –

1. The annual financial statements of the municipality, and in addition if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126 (1);
2. The Auditor-General's audit report in terms of section 126 (3) on those financial statements;
3. The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.

The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit those statements to the Auditor-General for auditing and the accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those statements relate, submit those statements to the parent municipality of the entity and the Auditor-General for auditing. The Auditor-General must audit those financial statements and submit an audit report to the accounting officer of the municipality or entity within three months of the receipt of the statements.

The Mayor of a Municipality must, within seven months after the end of the a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.

The council of a municipality must consider the annual report of the municipality of municipal entity, and by no later than two months from the date on which the annual report was tabled in council, adopt an oversight report containing councils comments on the annual report which must include a statement whether the council-

1. Has approved the annual report without reservations;
2. Has rejected the annual report; or
3. Has referred the annual report back for the revision of those components that can be revised.

In order to give effect to the above legislative requirements, Greater Kokstad Municipality developed the table above in order to ensure the communities of Great Kokstad Municipality are able to view the contents of the Annual Report on time; the table serves as a strict guide.

CHAPTER 2 - GOVERNANCE

Governance at Greater Kokstad Municipality is made up of Political & Administrative Governance, Inter-governmental Relations, and Public Accountability & Participation along with Corporate Governance. Political & Administrative Governance is the breakdown of Elected Councillors, the committees they sit on, & the number of meetings they attend. It further looks at the administrative aspect of the municipality in terms of the organizational structure being implemented and a distinction made of the business units and their respective functions. Intergovernmental Relations is basically the relationship that the municipality forges with other sector departments in order to carry out day to day activities, like National Treasury, the Auditor General & the Provincial Department of CoGTA. Public accountability is the way the Municipality operates with regards to the communities by way of holding community meetings, Izimbizo's and the process of ward committees dealing with issues within the wards. Corporate Governance looks at issues of transparency and accountability whereby the municipality outlines its top risks, and also the way in which they run the Supply Chain Management Unit. Together these important aspects intertwine and are forged so as to ensure all aspects of the municipality are properly functioning and that communities receive quality services at an affordable price.

COMPONENT A – POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political & administrative governance at Greater Kokstad Municipality comprises of the elected councillors and the respective senior managers and the way they actually work together on a day-to-day basis in order to achieve organizational goals.

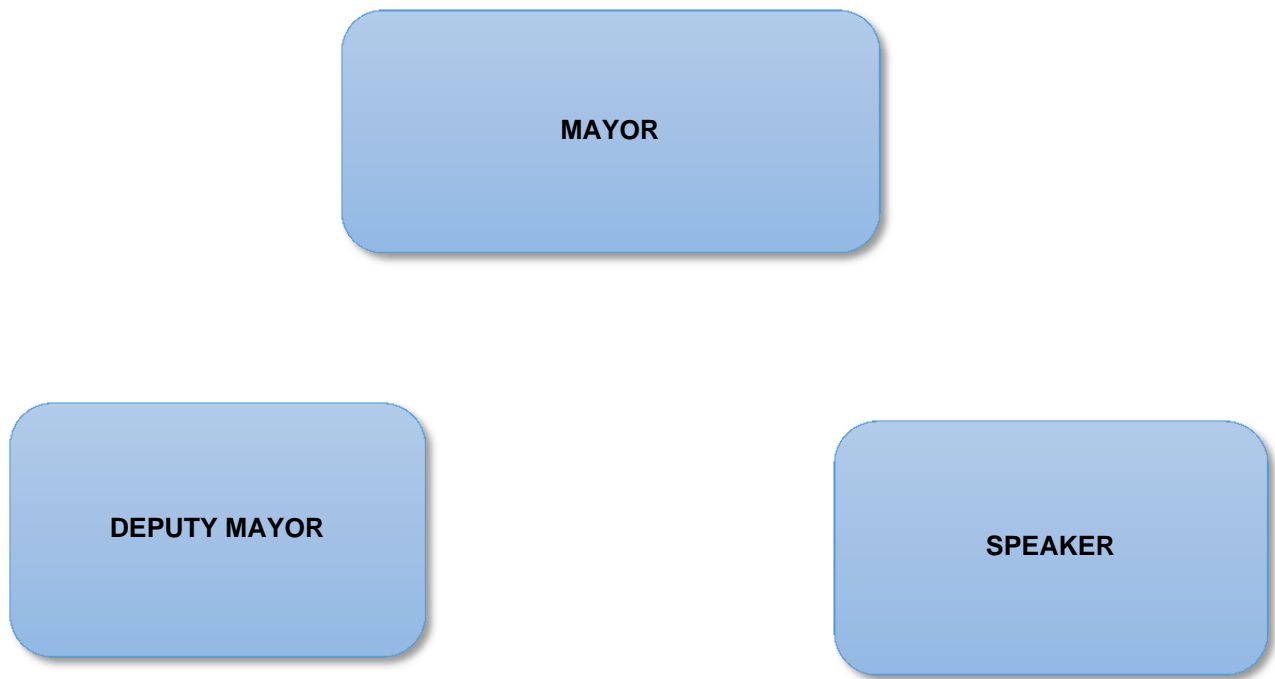
2.1. POLITICAL GOVERNANCE

2.1.1. INTRODUCTION TO POLITICAL GOVERNANCE

Greater Kokstad Municipality has several portfolio committees of which the Full Council, Executive Committee, Municipal Public Accounts Committee and the Oversight Committee form part of. Greater Kokstad Municipality re-established its Audit Committee in June 2015 since the last audit committee member's term of office expired on the 30 September 2014 to provide opinions and recommendations on financial processes and performance and provides comments to the Oversight Committee on the Annual Report. The municipality has established an Oversight Committee, comprised of non-executive councillors, and community representatives with the specific purpose of providing Council with comments and recommendations on the Annual Report.

POLITICAL STRUCTURE

Figure B: Political Structure



2.1.2. COUNCILLORS

Councillors are elected by the local registered voters to serve a predetermined term of office on the local council as representatives of their respective constituents. The Greater Kokstad Municipal Council has a total of **16** seats. **8** of these seats are allocated to ward councillors who are elected by the wards they represent. The other **8** seats are allocated to political parties in proportion to the number of votes cast for them.

2.1.3. COMMITTEE ALLOCATIONS JUNE 2014 TO JUNE 2015

Table 2.1.3

| Committee Allocations July 2014 to June 2015 | | |
|--|----------------------------|--|
| Portfolio committee | Chairperson | Members |
| MPAC | Councillor N Mavuka | Councillor P X Xelitole Councillor M M Nondabula Councillor K J Walker Municipal Manager: Mr Z J Mkhize Executive Manager: Community Development Services, Mr N Msiya Executive Manager: Infrastructure Planning & Development, Mr A W Velem Manager Revenue, Mr W Dotye Assistant Manager Budgeting, Ms Q Deyi Executive Support Officer, Ms H Adkins Chief Financial Officer, vacant post |
| Finance & Infrastructure, Planning & Development | Mayor:Councillor TN Jojozi | Councillor T M Mohlakoana Councillor TO Madikizela Councillor L J Sithole Councillor N L Madikizela Councillor V Ncukana Executive Manager: Infrastructure, Planning & Development, Mr A Velem Manager: Revenue, Mr W Dotye Assistant Manager: Revenue, Mr S Khoza Assistant Manager: Budgeting & Compliance, Ms Q Deyi Co-ordinator: Electrical Services, Mr G T Gwagwa Co-ordinator: PMU, Mr T Shandu Co-ordinator: Spatial Planning & Development, Mr S Madikizela Town Electrical Engineer, Mr D Barker Chief Financial Officer, vacant post Manager: Civil Engineering, Mr F De Lange Co-ordinator: Storm water & Roads, Mr W Dladla |
| Governance | Councillor NC Nyembezi | Councillor P Nocanda Councillor N T Mqikela, Councillor M M Nondabula Councillor M N Dlakavu Municipal Manager: Mr Z J Mkhize Manager: Human Resources, Mrs N D Mkhize Co-ordinator: Personnel Administration, Ms T Eksteen Manager: Administration & Customer Care, Mrs P T Coetzee Co-ordinator: Community Participation, Ms B Mkulisi Coordinator: Auxiliary Services, Mr N Mthimkhulu Co-ordinator: IGR and Communication, Mr S Ncwane |
| Community Development Services | Councillor B M Mtolo | Councillor P X Xelitole Councillor N T Mqikela |

| Committee Allocations July 2014 to June 2015 | | |
|--|--|---|
| | | Councillor N L Madikizela Councillor M M Nondabula, Executive Manager: Community Development Services, Mr N Msiya Senior Superintendent Traffic & Licensing, Mr M Maphanga Coordinator: Youth and Special Programmes, Mr K Xorile Manager: Local Economic Development, Mr G Ogle |

2.1.4. WARD COUNCILLORS POLITICAL PARTY (2014-2015)

Table 2.1.4

| WARD COUNCILLORS LIST | | |
|-----------------------|----------------------------|-----------------|
| Ward No. | Name | Political Party |
| Ward 1 | Cllr P. Nocanda | ANC |
| Ward 2 | Cllr M.N. Dlakavu | ANC |
| Ward 3 | Speaker, Cllr Z.A. Mhlongo | ANC |
| Ward 4 | Cllr P.X. Xelitole | ANC |
| Ward 5 | Cllr N. Mavuka | ANC |
| Ward 6 | Cllr T.M. Mohlakoana | ANC |
| Ward 7 | Cllr L.J. Sithole | ANC |
| Ward 8 | Cllr M.M. Nondabula | ANC |

2.1.5. PROPORTIONAL REPRESENTATION (PR) COUNCILLORS BY POLITICAL PARTY (2014 – 2015)

Table 2.1.5

| PR COUNCILLORS LIST | |
|-------------------------------|-----------------|
| Name | Political Party |
| Mayor, Cllr T.N. Jojozi | ANC |
| Deputy Mayor, Cllr B.M. Mtolo | ANC |
| Cllr N.C. Nyembezi | DA |
| Cllr K Walker | DA |
| Cllr. L. Madikizela | DA |
| Cllr. V. Ncukana | ANC |

2.1.6. NUMBER OF MEETINGS ATTENDED BY COUNCILLORS FROM 1 JULY 2014 TO 30 JUNE 2015

Table 2.1.6

| Number of Meetings Attended By Councillors in the 2014/15 Financial Year | | | | | | | | | | | | | | |
|--|--|------------|------------|--------------------------|------------|------------|-----------|------------|------------|------------|--|------------|--------------------------|-------|
| | | 2014 | | | | | | 2015 | | | | | | |
| | Name | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | March | April | May | June | Total |
| 1. | Finance & Infrastructure Planning & Development Services | 09/07/2014 | 25/08/2014 | 22/09/2014 | 08/10/2014 | 12/11/2014 | | | 12/02/2015 | 09/03/2015 | 08/04/2015 | 13/05/2015 | 10/06/2015 | 10 |
| 2. | Community Development Services | | 14/08/2014 | 09/09/2014 | 07/10/2014 | 11/11/2014 | | | | 10/03/2015 | 07/04/2015 | 12/05/2015 | 09/06/2015 | 08 |
| 3. | EXCO | 15/07/2014 | | 23/09/2015 | 14/10/2014 | | | | 18/02/2015 | 17/03/2015 | 14/04/2015 | 19/05/2015 | | 07 |
| 4. | Special Council | | 29/08/2014 | | | | 4/12/2014 | 22/01/2015 | 2/02/2015 | 31/03/2015 | 09/04/2015 | 15/05/2015 | 17/06/2015 24/06/2015 | 09 |
| 5. | Governance | 08/07/2014 | 12/08/2014 | 09/09/2014 | 07/10/2014 | | | | | 10/03/2015 | 07/04/2015 | | 09/06/2015 | 07 |
| 6. | Ordinary Council | | 01/08/2014 | | 29/10/2014 | | | | 26/02/2015 | | | 27/05/2015 | | 04 |
| 7. | MPAC | | | | | 19/11/2014 | | | 25/02/2015 | | 16/04/2015 | | | 03 |
| 8. | Special MPAC | | | | | | | 20/01/2015 | | 19/03/2015 | | | | 02 |
| 9. | Special EXCO | | | | | | | | | | | 05/05/2015 | | 01 |
| 10. | Local Labour forum | | 19/08/2014 | 04/09/2014 08/09/2014 | | | | | | 05/03/2015 | | | | 04 |
| 11. | Special Local Labour Forum | | | 02/09/2014 | | | | | | | 20/04/2015 21/04/2015 30/04/2015 | | | 04 |

2.1.7. GREATER KOKSTAD MUNICIPALITY PORTFOLIO COMMITTEES BY NAME & PURPOSE

2.1.7.1. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The first layer of committees is the Municipal Standing Committee on Public Accounts (MPAC) which consists of ordinary Councillors to oversee the expenditure of public funds in order to ensure the efficient and effective utilization of council resources and to enhance the political accountability of Council.

EXCO members account to MPAC on issues related to their portfolios. MPAC reports back to Council via the Speaker. The primary purpose of the municipal MPAC is to assist council to hold the executive and the municipal administration to account.

2.1.7.2. THE EXECUTIVE COMMITTEE (EXCO)

The second layer of committees is the EXCO which reports in terms of section 44 of the Local Government: Municipal Structures Act, 1998 to the municipal council on decisions made in terms of its delegated powers as well as recommendations made on those issues the municipal council did not delegate to the EXCO.

EXCO consists of 3 members, namely, the Mayor, Deputy Mayor and 1 (one) other member. The Mayor is the Chairperson of the meeting, whilst the Deputy Mayor automatically becomes the Deputy Chairperson.

2.1.7.3. PORTFOLIO COMMITTEES (SECTION 80)

The third layer of committees is the Portfolio Committees (in terms of Section 80 of the Local government: Municipal Structures Act, 1998)), which makes recommendations to the EXCO and report back on resolutions taken in terms of its delegated powers.

All Portfolio Committees report to the Executive Committee. The Executive Committee may refer a matter back to the Portfolio Committee for further consideration, amend or adopt the recommendations if it has delegated authority to do so, or submit its (Executive committee) recommendations to council.

There are 3 (three) section 80 committees, namely:

- Finance & Infrastructure, Planning and Development Service Portfolio Committee
- Community Development Services Portfolio Committee
- Governance Portfolio Committee

2.1.7.4. SERVICE STATISTICS FOR COUNCIL AND EXECUTIVE

Table 2.1.7.4

| Service Statistics for Council and Executive | |
|--|--------|
| Item | Number |
| Total number of Councillors | 16 |
| Total number of Executive Committee Members | 09 |
| Total number of wards | 08 |
| Total Number of Ward Committee Meetings | 32 |
| Total Number of Community Meetings | |
| Number and Type of Council Committee Meetings: | |
| Ordinary Council | 04 |
| Special Council | 09 |
| Executive Committee | 07 |
| Finance & Infrastructure Planning & Development Services Committee | 10 |
| Community Development Services Committee | 08 |
| Governance Committee | 07 |
| Municipal Public Accounts Committee (MPAC) | 03 |

2.2. ADMINISTRATIVE GOVERNANCE

The municipal manager is the head of the municipal administration. Subject to the policy directions of the municipal council, the municipal manager is responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration. The municipal manager must make sure the administration is equipped to implement the municipality's integrated development plan, that it operates in accordance with the municipality's performance management system, and that it is responsive to the needs of the local community. The roles and responsibilities of the Municipal Manager are comprehensively set out in Section 55 of the Municipal Systems Act and responsibilities of the Municipal Manager as Accounting Officer is set out in Chapter 8 of the Municipal Finance Management Act, 56 of 2003.

The Municipal Manager's office has assumed direct responsibility for Communications and Corporate Strategy as well as the drafting, management and implementation of Council's Integrated Development Plan (IDP). The Internal Audit Services is outsourced to Umnotho. The Municipality anticipates to have fully functional in-house Internal Audit Unit in the 2016/17 financial year.

In addition, there are four Business Units that mirror the committee portfolios also report to the Municipal Manager. They are:

- Financial Services
- Corporate Services
- Community Development Services

- Infrastructure, Planning & Development

Each of these Business Units is headed by an Executive Manager, who must ensure that services are effectively and efficiently delivered to the people of the Greater Kokstad Municipality.

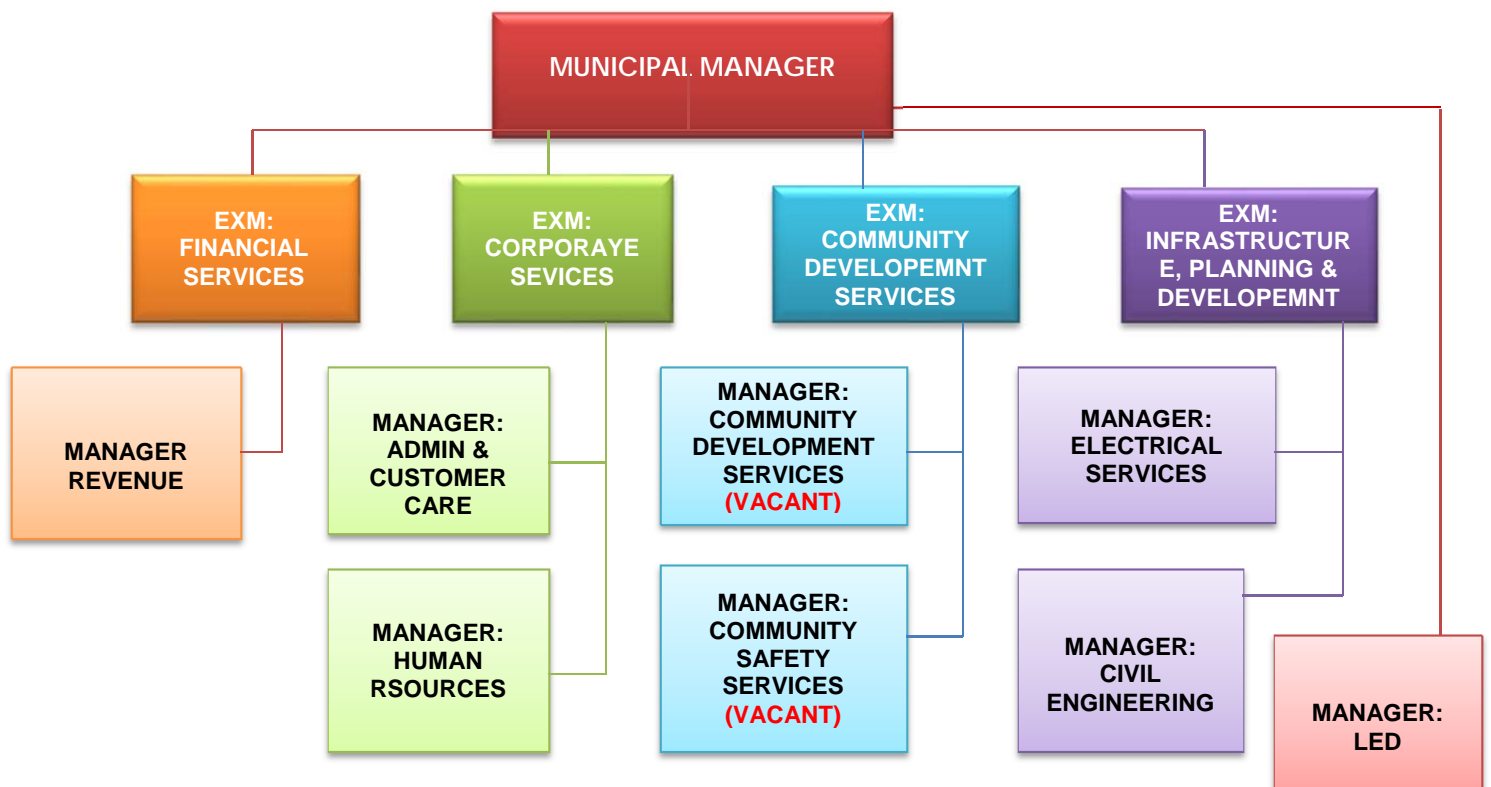
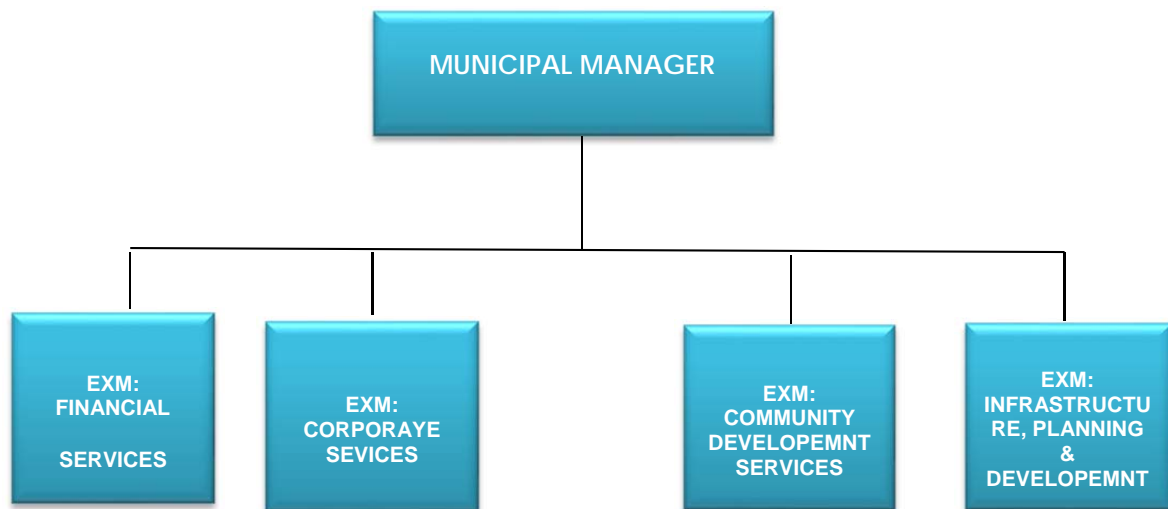
The municipal manager and his team of executive managers hold weekly meetings to discuss key strategic service deliverables, and to offer guidance on achieving IDP goals. The administrative component is aligned with the six (6) National Key Performance Areas; Financial Viability and management, Local economic Development, Basic service delivery and Infrastructure development, Good Governance and Public Participation, Institutional Development and Transformation, Cross Cutting issues (Environmental Planning and Social Services) and the Five Back-to-Basis Principles

2.2.1. TOP ADMINISTARTIVE STRUCTURE

Figure C



TOP STRUCTURE OF THE GREATER KOKSTAD MUNICIPALITY (TIER 1-3)



COMPONENT B – INTERGOVERNMENTAL RELATIONS

The municipality continues to receive full support from the Office of the MEC for Cooperative Governance and Traditional Affairs. Substantial support in the development of a financial recovery plan has also been obtained from National Treasury. The provincial Treasury has also assisted in terms of developing both the strategic and operational risk registers of the municipality. Whilst the Municipal Infrastructure Grant (MIG) was the primary source of funding for capital projects related to infrastructure development and basic services, the following basic services are delivered to the community using mechanisms of intergovernmental relations with National/ Provincial Departments and/ or parastatals:

Housing - Department of Human Settlements;

Electricity - Department of Minerals & Energy and Eskom

Various other grants, such as the Small Town Rehabilitation, ECO Park and Industrial Park have been received for the implementation of projects. All information related to grants received is disclosed as required in the Annual Financial Statements.

2.3. INTERGOVERNMENTAL RELATIONS

2.3.1. NATIONAL INTERGOVERNMENTAL STRUCTURE

The Greater Kokstad Municipality is one of the 26 Municipalities in KZN that was selected for the Back-to-Basics monitoring system support due the strenuous budget constraints in the last two financial years. This has also had a direct effect on the poor attendance of national government information sharing sessions.

2.3.2. PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality has received support for the implementation of Organizational Performance Management from the Provincial Department of Cooperative Governance and Traditional Affairs. The Municipal Manager participates in the Municipalities and Member of Executive Committee and Technical Municipalities and Member of Executive Committee forums.

COMPONENT C – PUBLIC ACCOUNTABILITY AND PARTICIPATION

MSA section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

2.4. PUBLIC MEETINGS

2.4.1. COMMUNICATION, PARTICIPATION AND FORUMS

The Greater Kokstad Municipality has an adopted Communication Strategy and Policy in place. The IDP Representative Forum becomes a very central forum to finalize the prioritization process, it is also envisaged that the Budget and PMS stakeholders engagement structures as reflected in the IDP Guides, must be the same or integrated structures. Every year around the end of August, Greater Kokstad Municipality finalize a Process Plan which is approved by Full Council, once approved a public notice is posted to our website and various newspapers inviting members of public as well as various stakeholders to make submissions with regards to developmental priority needs. The very same Process Plan is posted to the Greater Kokstad website where different activities and milestones are reflected in terms of the IDP review and PMS and Budget implementation and monitoring.

The public participation is an on-going engagement process, and the following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voice are accommodated in the planning, execution and review of the IDP, Budget and PMS processes:

- Ward Committee Monthly Meetings
- Monthly Community Meetings by Councillors Project Based Meetings
- Full Council Meeting – Public Gallery
- Izimbizo: Public Meetings for Budget, IDP etc
- Municipal Property Rates Act (MPRA)
- Community Based Planning
- Complaints Register: Customer Care and Batho Pele Engagements
- Operational SukumaSakhe – Premier's Flagship Tool for Accelerated Service Delivery at a Ward Base Level
- Attendance to invitations by Interest groups

Some of the above various forms of public participation engagements are conducted throughout the year specifically at an operational level and then some of them are organized on a monthly, quarterly and annually as reflected in our Process Plan.

2.4.2. WARD COMMITTEES

Section 74 of the Municipal Structures Act, and regulation 5 of the Government Gazette No. 27699 Ward Committee, state that Ward Committees may have powers and functions delegated to them (which are essentially advisory in nature) in terms of S59 of the Municipal Systems Act, these are:

- 1) To serve as an official specialised participatory structure in the Greater Kokstad Municipality.
- 2) To create formal unbiased communication channels as well as a co-operative partnership between the community and the Council.
- 3) Advise and make recommendations to the Ward Councillor on matters of policy affecting the Ward.
- 4) Assisting the Ward Councillors in identifying the challenges and needs of residents.
- 5) Dissemination of information in the Ward concerning municipal affairs such as the budget, integrated development planning, performance management systems, service delivery options and municipal properties.
- 6) Receive queries and complaints from residents concerning municipal service delivery, communication with Council and provide feedback to the community on Council's response.
- 7) Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development forums, and
- 8) Interact with other organizations and forums on matters affecting the ward.

A ward committee may also make recommendations on any matter affecting its ward to the ward councillor or through the ward councillor to the local council.

2.4.3. PUBLIC MEETINGS

In total 33 Ward Committee Meetings were held and 71 Community Meetings were held, broken down as follows in the table below:

| WARD | Nature and Purpose of Meeting | Date of Events | Number of participating Municipal councillors | Number of participating Municipal Administrators | Total No. of Meetings |
|------|-------------------------------|-------------------|---|--|-----------------------|
| 1 | Ward committee meetings | 01 September 2014 | 1 | 1 | 5 |
| | | 09 October 2014 | 1 | 1 | |
| | | 05 December 2014 | 1 | 1 | |
| | | 09 March 2015 | 1 | 1 | |
| | | 18 May 2015 | 1 | 1 | |
| | Community Meetings | 13 July 2014 | 1 | 1 | 9 |
| | | 19 October 2014 | 1 | 1 | |
| | | 18 November 2014 | 2 | 13 | |
| | | 18 November 2014 | 5 | 13 | |
| | | | | | |

| WARD | Nature and Purpose of Meeting | Date of Events | Number of participating Municipal councillors | Number of participating Municipal Administrators | Total No. of Meetings |
|------|-------------------------------|--|---|--|-----------------------|
| | | 01 March 2015 18 March 2015 17 April 2015 09 May 2015 10 May 2015 | 1 2 4 1 1 | 3 3 8 1 1 | |
| 2 | Ward Committee meetings | 22 August 2014 10 November 2014 09 March 2015 15 June 2015 | 1 1 1 1 | 1 1 1 1 | 4 |
| | Community Meetings | 21 July 2014 20 August 2014 18 September 2014 19 September 2014 18 October 2014 12 November 2014 19 November 2014 22 November 2014 20 November 2014 23 November 2014 08 March 2015 11 March 2015 19 April 2015 19 April 2015 21 April 2015 21 April 2015 20 May 2015 | 1 1 1 1 1 1 2 1 3 1 1 1 7 5 7 4 1 | 1 1 1 1 1 1 4 2 8 2 1 3 4 7 10 5 1 | 17 |
| 3 | Ward committee Meetings | 18 September 2014 10 November 2014 06 March 2015 24 June 2015 | 1 1 1 1 | 1 1 2 1 | 4 |
| | Community Meetings | 11 September 2014 23 October 2014 19 November 2014 28 April 2015 20 April 2015 13 May 2015 30 April 2015 29 April 2015 | 1 1 4 4 5 1 2 1 | 1 2 10 6 10 5 3 3 | 8 |
| 4 | Ward committee Meetings | 21 August 2014 19 November 2014 04 March 2015 15 June 2015 | 1 1 1 1 | 1 1 1 1 | 4 |
| | Community Meetings | 22 August 2014 20 November 2014 08 February 2015 19 March 2015 22 April 2015 15 May 2015 22 April 2015 | 1 5 1 1 5 2 5 | 3 7 2 3 7 1 7 | 7 |
| 5 | Ward committee Meetings | 30 July 2014 01 October 2014 23 March 2015 19 June 2015 | 1 1 1 1 | 1 1 1 1 | 4 |

| WARD | Nature and Purpose of Meeting | Date of Events | Number of participating Municipal councillors | Number of participating Municipal Administrators | Total No. of Meetings |
|------|-------------------------------|--|---|--|-----------------------|
| | Community Meetings | 01 October 2014 17 November 2014 17 April 2015 10 May 2015 15 May 2015 | 1 1 8 1 1 | 1 1 7 1 1 | 5 |
| 6 | Ward Committee Meetings | 01 September 2014 19 November 2014 18 February 2015 22 June 2015 | 1 1 1 1 | 1 1 1 1 | 4 |
| | Community Meetings | 10 August 2014 22 November 2014 22 November 2014 23 November 2014 23 November 2014 24 November 2014 24 November 2014 24 November 2014 22 April 2015 22 April 2015 22 April 2015 08 March 2015 08 March 2015 19 April 2015 19 April 2015 17 May 2015 | 1 3 2 2 4 4 4 6 5 7 1 1 3 9 1 | 0 4 2 2 9 8 9 9 7 10 1 1 3 7 0 | 16 |
| 7 | Ward Committee Meetings | 04 September 2014 13 November 2014 12 June 2015 27 February 2015 | 1 1 1 1 | 1 1 1 1 | 4 |
| | Community Meeting | 25 November 2014 04 March 2015 27 April 2015 22 May 2015 | 4 2 5 1 | 4 1 7 1 | 4 |
| 8 | Ward committee Meetings | 20 August 2014 19 November 2014 11 March 2015 25 June 2015 | 2 2 1 | 2 1 1 | 4 |
| | Community Meetings | 28 September 2014 02 November 2014 26 November 2014 21 June 2015 26 April 2015 | 2 2 4 2 3 | 1 1 11 1 10 | 5 |

2.5. IDP PARTICIPATION AND ALIGNMENT

Table: IDP, BUDGET AND PMS ALIGNMENT (2014/15)

| IDP/ Budget & PMS alignment 2014/15 Criteria* | Yes/No |
|--|--------|
| Does the municipality have impact, outcome, input, output indicators? | Yes |
| Does the IDP have priorities, objectives, KPIs, development strategies? | Yes |
| Does the IDP have multi-year targets? | Yes |
| Are the above aligned and can they calculate into a score? | Yes |
| Does the budget align directly to the KPIs in the strategic plan? | Yes |
| Do the IDP KPIs align to the Section 54/56 Managers | Yes |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP? | Yes |
| Were the indicators communicated to the public? | Yes |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes |
| * Section 26 Municipal Systems Act 2000 | |

COMPONENT D – CORPORATE GOVERNANCE

Corporate Governance at Greater Kokstad Municipality entails Risk Management, Anti-Corruption and Fraud and Supply Chain Management which is unpacked below.

2.6. RISK MANAGEMENT

Section 62(1)(c)(i) of the Municipal Finance Management Act, Act 53 of 2003 requires the Accounting Officer to establish and maintain effective, efficient & transparent systems of risk management.

To effectively manage risks to the achievement of the municipality's objectives, Greater Kokstad provides managers with a systematic way to make responsible, coherent and informed decisions and

enables them to achieve improved outputs and outcomes. A structured approach to the management of risks also enhances and encourages the identification of greater opportunities for continuous improvement through innovation.

Risk Management Practices requires the Accounting Officer to manage the strategic and operational risks of the municipality. Due to capacity challenges within the municipality, the Provincial Treasury is assisting / supporting the in conducting the following Risk assessments on annual basis:

- Operational Risk Assessment
- Strategic Risk Assessment
- Stand-alone ICT assessment
- Stand-alone Supply Chain Management Assessment

The top ten risks identified is updated on the Risk Register and reported to all relevant structure of the municipality and Internal Audit to prepare their Risk Based Annual Plan.

The municipality has a Risk Management Committee in place that is required to meet on quarterly basis. However, this target is not always achieved due to the moratorium on all vacant posts including Key critical posts, there is no segregation of duties and puts an overload on the some of the personnel.

The Audit Committee of the Greater Kokstad Municipality was not hundred percent (100%) functional due to the fact that the term of office for the Audit Committee ended on the 30th September 2014 and members appointed on a month to month basis until the recruitment process for new members was finalised. The council also further resolved that whilst they are appointed on the month to basis they will be remunerated as per the National Treasury remuneration package of which they declined and resigned. The municipality appointed the new members on the 9th of June 2015 and the first Audit Committee sat on the 22 June to look at the Annual Performance report, 2015/16 SDBIP and final Draft of the 2015/16 IDP as well as the Risk Assessment Report from Provincial Treasury that was conducted on the 25-26 May 2015.

The following are the top ten (10) significant risks that are facing the municipality. The municipality is fully aware of the root causes and has been able to put in place mitigating strategies within the SDBIP for 2015/16 which goes to outer year of the MTERF.

Top 10 inherent Risk identified are as follows:

- Risk01. Financial Management: Financial Sustainability
- Risk02. Infrastructure: Development and Maintenance
- Risk03. Community Development: Housing
- Risk04. Community Services: Libraries Management
- Risk05. Financial Management: Expenditure Management
- Risk06. Business Support: Performance Management System
- Risk07. Strategic Leadership: Integrated Development Plan
- Risk08. Business Support: Information Technology
- Risk09. Business Support: IGR, Communications and Corporate Image
- Risk10. Community Services: HIV/AIDS and Vulnerable Groups

Top 10 Residual Risks are as follows:

- Risk01. Financial Management: Financial Sustainability
- Risk02. Infrastructure: Development and Maintenance
- Risk03. Business Support: Information Technology
- Risk04. Financial Management: Expenditure Management
- Risk05. Business Support: Performance Management System
- Risk06. Community Services: Libraries Management
- Risk07. Community Development: Housing
- Risk08. Community Services: Community Safety
- Risk09. Economic Development: Tourism and Investment attraction and Retention
- Risk10. Community Services: HIV/AIDS and Vulnerable Groups

| RISKS, ROOT CAUSES & MITGATION STRATEGIES | | |
|---|--|-------------------------------------|
| Risk | Root Causes | Mitigation Strategies By Management |
| Financial Sustainability | Poor payment culture. Limited staff capacity (debt collection). Limited revenue base. Slow economic growth. Outdated Revenue Enhancement Strategy. Growing indigent and low cost households. Lack of investment incentives. | |
| Development and Maintenance | Budget constraints. Population growth. Ageing infrastructure. Water and sanitation is the competence of the Harry Gwala District Municipality. Electricity supply is the function of Eskom. Heavy housing backlog. Lack of land for development. | |
| Housing | Illegal immigration. Political influence and Political instability. Unethical conduct. Reliance on the Department of Human | |

| | | |
|--------------------------------------|--|--|
| | <p>Settlements.</p> <p>Inadequate land.</p> <p>Lack of bulk infrastructure.</p> <p>Increase in the Indigent Register.</p> <p>Corruption.</p> <p>Land grabbing.</p> <p>Lack of monitoring of services</p> <p>.</p> | |
| Libraries Management | <p>Lack of funding (resources).</p> <p>Theft.</p> <p>High staff turnover due to unattractive salaries.</p> <p>Vandalism.</p> <p>High rate of population.</p> <p>Construction of libraries is the competency of the Department of Arts and Culture.</p> | |
| Expenditure Management | <p>Cash flow problems.</p> <p>Delays in receiving invoices from departments and suppliers.</p> <p>Queries on invoices. Inadequate safeguarding of payment vouchers.</p> <p>Lack of a central point for receiving invoices.</p> <p>Lack of human capacity (Assistant manager: expenditure and clerk).</p> | |
| Performance Management System | <p>Inadequate portfolio of evidence.</p> <p>Lack of communication between departments regarding standard of evidence.</p> <p>Lack of alignment between Organizational Performance Management System and Individual Performance Management System.</p> <p>Late submission of performance of evidence and reports.</p> | |
| Integrated Development Plan | <p>Unrealistic wish list from the community.</p> <p>Lack of sustainable project included in the Integrated Development Plan.</p> <p>Budget constraints.</p> <p>IDP post vacant for 1 year (due to moratorium)</p> | |
| Information Technology | <p>Budget constraints.</p> <p>Lack of alignment between Information Technology Strategy</p> | |

| | | |
|--|---|--|
| | and the Organisational Strategy. | |
| | Lack of the Information Technology Strategy. | |
| IGR, Communications and Corporate Image | <p>Inadequate interest and co-operation from stakeholders.</p> <p>Non adherence by some officials to the Branding Manual.</p> <p>Negative publicity from the media.</p> <p>Lack of media handling skills.</p> <p>Poor internal communication processes.</p> | |
| HIV/AIDS and Vulnerable Groups | <p>Insufficient funding.</p> <p>Lack of resources at support based centres.</p> <p>Lack of infrastructure for the physically challenged.</p> <p>Lack of knowledge and awareness regarding the physically challenged.</p> <p>High rate of unemployment.</p> | |

Electricity Losses

Whilst there on-going efforts to deal with the scourge of theft of electricity, it has not reached an acceptable level. The Greater Kokstad Municipality has revised its electricity Policy and By-law which will be implemented during the 2014/15 financial year.

Fraud and Corruption

It is being tackled head on with various anti-fraud and corruption strategies in place.

2.7. ANTI-CORRUPTION AND FRAUD

The municipality has an adopted Fraud and Anti-corruption Policy which is reviewed on annual basis. For the 2014/2015 financial year, the Fraud and Anti-corruption Policy was reviewed and adopted by Council

During the year under review, the municipality requested assistance and support from provincial treasury with the drafting of the Fraud and Anti-corruption strategy and this will be finalised within the 2015/16 financial year.

2.8. SUPPLY CHAIN MANAGEMENT

MFMA section 110 - 119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

2.8.1. DEMAND MANAGEMENT

The Procurement Plan defines the Supply Chain Management needs of the organization, aligned to the municipality's IDP, Budget and Departmental SDBIP. The plan is for a minimum of one year but aligned to the IDP three year period, this is especially critical in the case of capital projects requiring the issuing of bids for multiyear projects, as well as in order to obtain cost savings through longer term goods and service contracts (limited to a three-year period in terms of the MFMA). The main objective of the plan is to assist the service deliver business units to achieve their service delivery mandates and to meet their service delivery requirements without any SCM processes delays and this forms the integral component of the entire process to ensure effectiveness, efficient and economical SCM processes.

2.8.2. ACQUISITION DEMAND

Thresholds as per regulation 12 of the SCM regulations has been set and complied with throughout the year. A thorough review of all contracts and annual supplies contracts was done to identify contracts have reached or about to reach their expiry period and are in the process of being re-advertised.

Bid documentation were compiled and as far as possible aligned with circular 25. A thorough review of the bid documentation was done to ensure full compliance with circular 25 and circular 62.

Bid committee structures were also established and implemented in accordance with regulation 27, 28 and 29 of the SCM regulations.

The following represent the formation of the bid committees:

| No | Committee | Member |
|----|---------------|--|
| 01 | Specification | Mr S. Madikizela Ms H. Adkins Mr T. Shandu Mrs F. Sibeko Mrs M. Coetzee Mr K. Xorile Mr. S. Khoza |
| 02 | Evaluation | Mrs N. Mkhize Mr F. De Lange Mrs T. Eksteen Mr G. Gwagwa Mr S. Ncwane Mrs N. Julius Ms B. Mkhulusi |

| | | |
|-----------|--------------|---|
| 03 | Adjudication | Mrs N.D Gqola Mr A Velem Mr T Makhoba Ms A Mahlaka |
|-----------|--------------|---|

2.8.3. LOGISTICS MANAGEMENT (STORES MANAGEMENT)

Part of logistics management is to establish and implement appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased; regular checking of stock; and monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

The stock count for the financial year 2014/15 proceeded smoothly with every member of the team demonstrating their efforts and energy in achieving a well-run physical count of stock. The purpose of conducting a stock count is to verify and ascertain and benchmark the stock records as reflected by the computer system and that of the physical stock on hand. Any discrepancies on stock are then reported and investigated and same is translated on computer system either losses or surpluses. Further to that the investigation is then conducted and necessary remedies made if any.

2.8.5. MONITORING OF SCM CONTRACTS

There has been a challenge around monitoring of the performance of contractors this was further reported by Auditor general for the year 12/13 and 13/14 which has exposed the municipality to certain financial risks. The monitoring of consultants was entirely performed at business unit level in the previous year; however in the year under review performance monitoring of contractors was undertaken by Supply Chain Management unit in conjunction with the respective business unit.

A table is attached as an annexure on the performance assessment of all the service providers of GKM.

2.9. BY-LAWS

2.9.1. BY-LAWS INTRODUCED 2014/2015

The Municipality did not review any by-laws during 2014/15. By-laws will be reviewed in 2015/16

2.10. WEBSITES

For Legislative Compliance, various Business Units are expected to furnish relevant information for publishing on the Greater Kokstad Website. Information is updated almost daily or as and when uploads are received from various departments and is accessible within a few hours depending on the content. Internet bandwidth on the LAN is not very reliable therefore uploads onto the Website is very slow. Although 3G Data Connectivity is available the speed is not consistent and also affects uploads and test downloads. However Greater Kokstad Municipality always strives and publishes the necessary information on the Website.

The Public can access information on www.kokstad.gov.za 24hrs a day by viewing some information on respective pages whereas other information is available as downloads viz. PDFs (Readable with Acrobat Reader). Information not up to date, it is usually due to respective Units not providing them timeously or not at all. Most information provided is uploaded and available within a few hours; however Internet bandwidth, LAN or 3G is not always reliable.

2.11. PUBLIC SATISFACTION ON PUBLIC SERVICES

2.11.1. INTRODUCTION

Public Participation is a core tool of accountability and good governance. It is also a means through which citizens exercise their voice in determining their livelihoods and quality of life. Municipalities are charged with a wide portfolio of responsibilities, including the provision of basic services, facilitation of good socio economic environments, etc. Within these functions, legislation and good practice calls that the communities are an essential part in determining the direction in which their localities grow.

The Department of Cooperative Governance and Traditional Affairs (COGTA) through Back to Basics program identified a need for conducting Customer Satisfaction Survey in Greater Kokstad Municipality. The aim of the survey is to assess the areas which need attention and to identify the support that is needed to improve Public Participation.

The Greater Kokstad Municipality with the support from COGTA conducted Customer Satisfaction Survey on the 07 May 2015, during the Mayoral Imbizo event.

2.11.2. METHODOLOGY

Structured face to face interviews were used as the methodology to gather information in wards in Greater Kokstad Municipality during the Mayoral Imbizo, where all wards were gathered together. The Municipality officials and ward committees conducted the interviews.

COGTA developed the questioner. The design of the survey included a stratified a sample that is enough to compare between the wards in an accepted manner. Approximately five hundred citizens from different wards were interviewed.

2.11.3. INTERPRETATION OF THE RESULTS

In surveys there are always some important remarks or limitations when interpreting the results. These are described as follows:

- As the total number of interviews that were planned for were not met in most of the wards, we cannot state that there are differences between the wards. However, as there were people who responded from different wards, it is reasonable to state that there are indications of some valid differences between the wards.
- Interviews were conducted during the day in an event, therefore the large group of people that were not in the event were not included in the sample. Therefore the result represents mostly people who attended the Mayoral Imbizo.
- The number of women in the sample was much bigger than the number of men. A possible cause is that the interviews were conducted during the day, therefore the results represents slightly more the opinion of women than men. However a group of men was interviewed
- The respondents of this survey were anonymous and it is assumed the anonymity has a way of influencing the quality of information provided during the survey.

This report presents the results of the survey for Greater Kokstad Municipality. The results are presented per subtopic. The annexure gives an over view of the results that were not explicitly described in this report.

These results are presented at ward level, so that the differences between the wards are clearly visible. The recommendation in the report is a combination of practical advice and measures of improvement.

2.11.4. THE RESULTS

2.11.4.1 INFORMATION, CONSULTATION AND PARTICIPATION

One of the means that through which municipalities can promote public participation is regular meetings. Meetings can be conducted on predetermined yet regular intervals. These meetings can manifest in three main forms.

Firstly, it could be issues specific meetings during a municipal decision making process. An example of such meetings could be public participation meetings during policy or by law making process.

Secondly, Public Participation could be ward based participation during processes such as IDP review and budget formulation processes. Thirdly, it could be through feedback sessions that ward

committees can conduct in their interviews.

The table below illustrates the response of people on Information, consultation and Public Participation:

| | Yes | No | Not Complete |
|-----------------------|-----|----|--------------|
| Knowing Councilor | 176 | 12 | 20 |
| CBP | 161 | 37 | 10 |
| Receiving Information | 182 | 19 | 7 |
| Know ward committee | 165 | 29 | 14 |
| Know Roles of W/C | 140 | 46 | 22 |

| | Not at all | A little Bit | A bit | Much | V/Much N/C |
|--------------------------------------|------------|--------------|-------|------|------------|
| Participation on Municipal Processes | 19 | 84 | 23 | 22 | 52 |
| Involvement on P/P | 15 | 26 | 17 | 47 | 96 |
| | | | | | 6 |

| | N/ Confident | N/VERY Confident | Not Sure | Fairly confident | Very confident NC |
|--------------------------|--------------|------------------|----------|------------------|-------------------|
| Youth Development | 24 | 15 | 47 | 29 | 88 |
| Environmental Protection | 25 | 17 | 31 | 28 | 78 |
| Basic Health CARE | 8 | 13 | 30 | 74 | 83 |
| | | | | | 0 |

| | Not Existent | Very unhappy | Unhappy | v/Happy | n/ complete |
|---------------|--------------|--------------|---------|---------|-------------|
| Waste Removal | 7 | 11 | 24 | 160 | 7 |
| | | | | | |

| | Very Low | Low medium | High V/H | Don't know | n/ complete |
|---|----------|---------------|-------------|---------------|----------------|
| Special Programmes (HIV, GENDER, ETC.) | 15 | 19 18 | 34 102 | 11 | 0 |
| | | | | | |

Findings: Although the number of citizens interviewed was very low, the majority of respondents shows that they are satisfied with the information provided in consultative meetings mostly in all wards. However there are respondents who are dissatisfied with the way the information is disseminated by the municipality.

Recommendation:

1. It is advised that the Municipality evaluates and put measures in place to improve public participation approaches.
2. The municipality must channel efforts towards thorough planning of community engagement sessions, to ensure the application of relevant approaches for the different meetings and evaluate the effectiveness thereof on regular basis.

It is also recommended that the Greater Kokstad Municipality avail the budget for a service provider to conduct a Customer Satisfaction survey on a bigger scale so as to get proper findings.

CHAPTER 3 - SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

The Annual Performance Report (APR) is a legislative requirement which prescribes that the report must be submitted to the Auditor General by the 31st August annually. The Annual Performance Report, amongst other documents, will form part of the consolidated Annual Report of the Municipality which must be submitted to Council by the end of January on an annual basis.

FUNCTIONS OF A MUNICIPALITY / ENTITY

| MUNICIPAL / ENTITY FUNCTIONS | |
|---|---|
| Municipal Functions | Function Applicable to Municipality (Yes/No)* |
| Constitution Schedule 4, part B Functions | |
| Air Pollution | Yes |
| Building regulations | Yes |
| Child care facilities | No |
| Electricity and gas reticulation | Yes |
| Firefighting services | Yes |
| Local tourism | Yes |
| Municipal airports | No |
| Municipal planning | Yes |
| Municipal health services | No |
| Municipal Public Transport | No |
| Municipal Public Works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law | No |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto | No |
| Storm water management system in built-up areas | Yes |
| Trading regulations | Yes |
| Water and sanitation services limited to portable water supply systems and domestic waste-water and sewage disposal systems | No – District Function |
| Beaches and amusement facilities | No |
| Billboards and the display of advertisements in public places | Yes |

| | |
|--|-----------|
| Cemeteries, funeral parlours and crematoria | Yes |
| Cleansing | Yes |
| Control of Public nuisances | Yes |
| Control of undertakings that sell liquor to the public | No |
| Facilities for the accommodation, care and burial of animals | No – SPCA |

WARD INFORMATION

| Ward title: Ward Name (Number) | | | | |
|---|--|---------------------------------------|------------------|-----------------|
| Capital Projects: Seven Largest in Year 0 (2014/15) | | | | |
| No. | Project Name and detail | Start Date | End Date | Total Value |
| 3 & 5 | Rehab of Kokstad Roads Phase5 | 28 June 2012 | 15 December 2014 | R 16 529 530 |
| 4&7 | Shayamoya Taxi Route 2 | 09 October 2012 | 17 March 2015 | R 8 705 650 |
| 1 | Horse Shoe Taxi Route 2 | 09 October 2012 | 02 December 2014 | R 7 638 331 |
| 3 | Development of Light Industrial Park | | | R 23 000 000 |
| 4&7 | Electrification of Area 5&6 and Shayamoya houses | 06 October 2014 | 14 April 2015 | R2 151 980.91 |
| 2&6 | Electrification of rural houses (New Market and Maraiskop) | Rolled over to 2015/16 financial year | November 2015 | R1, 761, 525.15 |

| Top Service Delivery Priorities for Ward (Highest Priority First) | | |
|---|--|---------------------------------------|
| No. | Priority Name and Detail | Progress during 2014/15 |
| 1 | Electrification of Area 5&6 and Shayamoya houses | Completed |
| 2 | Electrification of rural houses (New Market and Maraiskop) | Rolled over to 2015/16 financial year |

Top Four Service Delivery Priorities for Ward (Highest Priority First)

| No. | Priority Name and Detail | Progress during Year 0 (2014/15) |
|-----|--|---------------------------------------|
| 3&5 | Rehab of Kokstad Roads Phase5 | Completed |
| 4&7 | Shayamoya Taxi Route 2 | Completed |
| 1 | Horse Shoe Taxi Route 2 | Completed |
| 3 | Development of Light Industrial Park | Completed |
| 4&7 | Electrification of Area 5&6 and Shayamoya houses | Completed |
| 2&6 | Electrification of rural houses (New Market and Maraiskop) | Rolled over to 2015/16 financial year |

COMPONENT A – BASIC SERVICES

This component includes: electricity; waste management; housing services; and indigents (free basic services).

3.1. WATER AND SANITATION

Water and Sanitation is a function of a District Municipality. We engage with the District through quarterly infrastructure meetings which are held between the District and other Local Municipalities. All the challenges and progress on projects are discussed in these meetings.

3.2. ELECTRICITY

The Greater Kokstad Electricity Unit is licenced by the National Electricity Regulator of South Africa (NERSA). The Electricity Unit operates under the Electricity Regulator Act of (2006).

Greater Kokstad Municipality's Bulk Purchase per annum, revenue per annum, revenue collected from temper charges, current NMD and future demand for the 2014/15 financial year are as follows:

- Bulk Purchase per annum = R 68 479 343
- Revenue per annum = R 88 282 560
- Collected from temper charges = R 425 300.02
- Current NMD = 22MVA
- Future Demand = 27,5MVA

3.2.1. CHALLENGES

The Electricity Unit is facing many challenges.

- Electricity theft through tempering and illegal connections
- Aging infrastructure
- Lack of qualified personnel
- Lack of staff training
- Financial constraints

REMEDIAL ACTIONS TO ADDRESS THE CHALLENGES

3.2.2. COMMENT ON ELECTRICITY PERFORMANCE OVERALL

Table 3.21 Electrical projects undertaken during 2014/2015

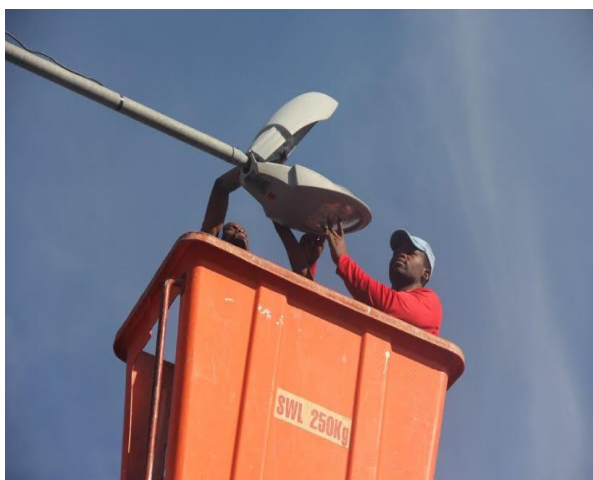
| NO. | Name of Projects | Number of Units | Value of Project | Status of project | Reason for not meeting the deadline |
|-----|--|-----------------|------------------|---------------------------------------|--|
| 1 | Electrification of Area 5&6 and Shayamoya houses | 220 houses | R2, 151, 980.91 | Completed | None |
| 2 | Electrification of rural houses (New Market and Maraiskop) | 92 houses | R1, 761, 525.15 | Rolled over to 2015/16 financial year | Could not be completed due to the delays in trying to find a route for the construction of the line since the shortest routes were going through the farmer's Properties, and the owners were not allowing the construction of the lines to be built in their properties |

Table 3.22 Electrical incidents dealt with per month during 2014/2015

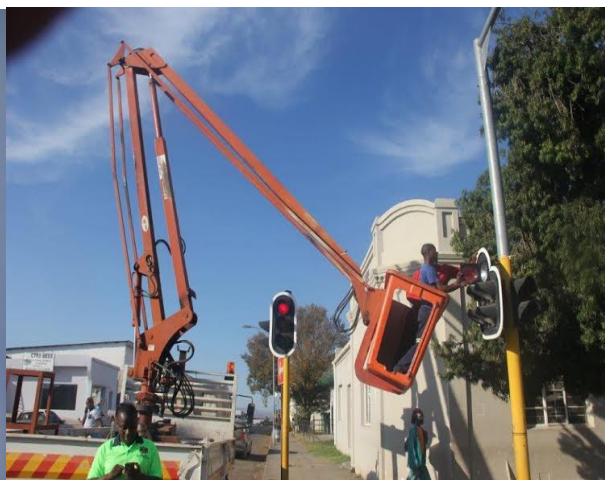
| NO | Incident | Jul | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|----|---------------------------------------|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | New Connections done | 6 | 8 | 3 | 12 | 5 | 21 | | 4 | 6 | 0 | 8 | 13 |
| | Change from credit to pre-paid meters | 2 | 0 | 2 | 4 | 5 | 3 | | 2 | 7 | 4 | 6 | 4 |
| | Faulty meters Replaced | 3 | 7 | 13 | 27 | 29 | 24 | | 22 | 10 | 10 | 18 | 7 |

| | | | | | | | | | | | |
|---------------------|------|------|------|------|------|------|------|------|------|------|------|
| Faults attended | 1695 | 1651 | 1740 | 1679 | 1666 | 3414 | 2064 | 1931 | 1669 | 1470 | 1440 |
| Illegal connections | 2 | 5 | 8 | 21 | 6 | 1 | 0 | 0 | 2 | 2 | 2 |
| Street lights fault | 47 | 55 | 73 | 94 | 118 | 159 | 94 | 78 | 122 | 60 | 78 |
| Robots attended | 2 | 4 | 2 | 1 | 0 | 6 | 4 | 2 | 2 | 7 | 5 |

| FINANCIAL PERFORMANCE 2014/15: ELECTRICITY SERVICES | | | | | |
|---|---------|-----------------|-------------------|------------|-----------------------|
| Details | 2013/14 | 2014/15 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variances to Budget % |
| Total Operational Revenue | | 90,266,972 | 88,734,675 | 86,123,017 | -3 |
| Expenditure: | | | | | |
| Employees | | 9,106,799 | 8,083,556 | 8,264,851 | 2 |
| Repairs and Maintenance | | 1,798,000 | 1,020,000 | 932,335 | -9 |
| Other | | 77,134,701 | 72,863,824 | 62,187,835 | -15 |
| Total Operational Expenditure | | 88,039,500 | 81,967,380 | 71,385,022 | -13 |
| Net operational (Service) Expenditure | | 2,227,472 | 6,767,295 | 14,737,995 | |



Repairing of streetlights



Maintenance of Robots

3.3. WASTE MANAGEMENT

The Greater Kokstad Municipality produces about 50 000 kilograms of waste daily. Currently 100% of urban households within the municipality are covered by the waste collection system, whilst no rural households are covered. Over and above the municipal staff the Greater Kokstad Municipality in partnership with the Department of Environmental Affairs and Public Works has employed 150 more people to assist with the following:

- Collection
- Street Cleaning
- Environmental awareness
- Landfill site management

| CAPITAL EXPENDITURE: WASTE MANAGEMENT SERVICES R'000 | | | | | |
|---|---------|----------------------|-----------------------|---|------------------------|
| Details | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variances from original Budget % | Total Project Value |
| Total All | R0 | R0 | R0 | 0% | R0 |
| | | | | | |
| No of Capital Projects in 2014/2015 | Nil | Nil | Nil | Nil | Nil |



Back-to-Basics Clean-up campaign

3.4. HOUSING

The provision of adequate Housing is a National priority and is legislated through the Constitution and the Housing Act. The delivery thereof is the responsibility of all three spheres of government, National, Provincial and local government.

3.5. FREE BASIC SERVICES AND INDIGENT SUPPORT

The delivery of free basic services to the people is a priority to the Council in order to afford dignity to our community that live below the poverty line. In this group we include and not limited to the elderly, unemployed, child headed household and people living with disabilities.

COMPONENT B – ROADS AND TRANSPORT

This component includes: roads; transportation planning; storm water drainage & fleet management.

3.6. ROADS

The municipality is faced with a huge backlog in terms of gravel road and rehabilitation or asset management of roads. Currently only reactive maintenance is being undertaken i.e. repairing of

potholes. Since the Municipality is still struggling collecting revenue, the funding of new roads, upgrading of gravel roads and asset management is very limited.

3.6.1. GRAVEL ROADS INFRASTRUCTURE

| GRAVEL ROAD INFRASTRUCTURE Kilometres | | | | |
|--|--------------------|------------------------------|------------------------------|--------------------------------|
| | Total gravel Roads | New Gravel Roads constructed | Gravel Roads upgraded to tar | Gravel Roads graded/maintained |
| 2012/2013 | 26km | 5km | Nil | Nil |
| 2013/2014 | 31km | Nil | 5.1km | Nil |
| 2014/2015 | 25.9km | Nil | 2.8km | Nil |
| | | | | |

3.6.2. TARRED ROAD INFRASTRUCTURE

| TARRED ROAD INFRASTRUCTURE Kilometres | | | | | |
|--|--------------------|---------------|------------------------------|-------------------------------|----------------------|
| | Total Tarred Roads | New Tar Roads | Existing Tar Roads re-tarred | Existing Tar Roads re-sheeted | Tar Roads Maintained |
| 2012/2013 | Nil | Nil | Nil | Nil | Nil |
| 2013/2014 | Nil | 4.1km | Nil | Nil | Nil |
| 2014/2015 | 4.1km | 2.8km | Nil | Nil | Nil |

3.6.3. COST OF CONSTRUCTION AND MAINTENANCE

| COST OF CONSTRUCTION / MAINTENANCE R'000 | | | | | | |
|---|-------------|-------------|------------|------------|------------|------------|
| | Gravel | | | Tar | | |
| | New | Gravel-Tar | Maintained | New | Reworked | Maintained |
| 2012/2013 | R 3 000 000 | Nil | Nil | Nil | Nil | Nil |
| 2013/2014 | Nil | R6 214 727 | Nil | R6 925 668 | Nil | Nil |
| 2014/2015 | Nil | R14 886 151 | Nil | Nil | R1 106 423 | Nil |

| CAPITAL EXPENDITURE:ROADS R'000 | | | | | |
|------------------------------------|-------------------------------|-------------------------------|-----------------------|---|---------------------------|
| Details | 2014/15 | | | | |
| | Original 2014/15 Budget | Adjusted 2014/15 Budget | Actual Expenditure | Variances from original Budget % | Total Project Value |
| Kokstad Roads Phase 6 | 6 600 646 | 4 600 646 | R2 728 952 | +30% | R 14 919 303 |
| Shayamoya Taxi Route 3 | 2 666 633 | 3 166 633 | R1 624 002 | -18.7% | R 8 672 801 |
| Horse Shoe Taxi Route 3 | 1 292 737 | 1 792 737 | R2 999 087 | -38.7% | R 9 147 183 |
| Shayamoya Taxi Route 2 | - | 1 500 000 | R 295 911 | -100% | R 8 705 650 |
| Horse Shoe Taxi Route 2 | - | 100 000 | R 20 939 | -100% | R 7 638 331 |
| Rehab of Kokstd Roads Phase 5 | 4 732 977 | 4 732 977 | R3 922 252 | - | R 16 529 530 |
| | | | | | |

3.7. FLEET MANAGEMENT

Fleet Management core function is management, replacement and maintenance of Councils fleet and heavy plant. Fleet Management is divided into three sub-sections namely: Fleet Administration, Fleet Maintenance and Fleet Control.

Strategic objectives of these sub-sections mentioned above are:

Fleet Administration is responsible for budgeting, request to purchase parts and services, vehicle licencing, service plan, certificate of roadworthiness, job cards, CAMIS (vehicle history information) and auditing of keys and log books.

Fleet Maintenance is responsible for preventative maintenance, react on breakdowns and diagnose and repair defects.

Fleet Control is responsible for Internal and external hiring, contract tenders, purchasing and disposal of vehicles, monitor vehicle tracking system, implementation and compliance of fleet policy and branding of vehicles.

Monitoring System (Tracker system) – All Greater Kokstad Municipality vehicles are fitted with the Monitoring System (Tracker system) – reports are sent on daily basis by tracker to Coordinator

Auxiliary Services, Fleet Officer and Fleet Administration Officer on activities of fleet. Vehicles can be monitored their location, speed, excessive idling, harsh braking and cornering.

Geo-fencing is set on the tracker for the municipal vehicles, any vehicle that goes beyond 10 km from the CBD, the tracker reports immediately.

| FINANCIAL PERFORMANCE 2014/15: FLEET MANAGEMENT | | | | | |
|---|--------------|-----------------|-------------------|--------------|-----------------------|
| Details | 2013/14 | 2014/15 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variances to Budget % |
| Total Operational Revenue | Nil | Nil | Nil | Nil | Nil |
| Expenditure: | | | | | |
| Fuel and Oil | 2 000 000.00 | 1 800 000.00 | 2 804 000.00 | 2 942 088.77 | -138 088.77 |
| Repairs and Maintenance | 850 000.00 | 840 000.00 | 1 240 000.00 | 771 948.08 | 468 051.92 |
| Vehicle Licence | 200 000.00 | 210 000.00 | 210 000.00 | 191 215.45 | 18 784.55 |
| Vehicle Rental | 474 500.00 | 525 000.00 | 825 000.00 | 1 046 084.11 | -221 084.11 |
| Total Operational Expenditure | 3 524 500.00 | 3 375 000.00 | 5 079 000.00 | 4 951 336.41 | 127 663.59 |
| Net operational (Service) Expenditure | 3 524 500.00 | 3 375 000.00 | 5 079 000.00 | 4 951 336.41 | 127 663.59 |

COMMENT ON THE PERFORMANCE OF FLEET MANAGEMENT OVERALL:

The fleet of Greater Kokstad Municipality is ageing and that leads to high maintenance costs and high fuel consumption. Waste removal is still done with tractors which are bit slower, few bits are done and the fuel consumption is high. There is a serious need for a second compactor truck or smaller trucks to remove skip bins and that will improve the turnaround time for waste removal.

There are a few numbers of vehicles that are allocated in the pool for the usage of general staff in the offices. Greater Kokstad Municipality fleet is decentralised which makes it difficult for Fleet Management Section to exercise full control. Heads of Departments and their Managers are playing a critical role in managing fleet in their various departments.

The overall performance of Great Kokstad Municipality fleet is good except the challenges that are mentioned above.

COMPONENT C – PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

The purpose of Planning is intended to achieve, promote and improve the physical environment of the Community as a setting for human activities-to make it more functional, beautiful, decent, healthful, interesting, and efficient.

This purpose is in accord with the broad objective of local government to promote the health, safety, morals, order, convenience, prosperity, and general welfare of the community. These phrases are customarily associated with the power pertaining to all acts of government.

To promote the public interest, the interest of the community at large, rather than the interests of individuals or special groups within the community. The comprehensive nature of the SDF contributes to this purpose, for it facilitates consideration of the relationship of any question to the over-all physical development of the entire community. Because the plan is based on facts and on studies that attempt to be thorough and impartial, it helps to prevent arbitrary, capricious, and biased actions. The contributions of the plan to democratic, responsible government help to safeguard the public interest and to facilitate the democratic determination and implementation of community policies on physical development.

Greater Kokstad Municipality has three urban nodes Kokstad Town, Swartberg and Franklin. Kokstad Town is the major economic centre due to its strategic location in terms of transport network, economic and administrative activities. The National Route (N2) links the area to the major economic nodes such as Port Shepstone and Durban in the KwaZulu-Natal Province and Mthatha in the Eastern Cape Province. The R56 links Kokstad to Ixopo and Pietermaritzburg. The strategic location of Kokstad creates opportunities for economic growth. Emanating from the spatial location of the area is high population growth rate due to high migration of people from the Eastern Cape and Lesotho into the area in search for employment opportunities. The municipality is therefore faced with a challenge of planning, providing basic services, housing and creating employment opportunities for its growing communities.

One major spatial challenge facing the municipality is illegal occupation of land for housing purposes. The municipality has no systems in place to deal with the situation. However, the implementation of Land Use Management System and the preparation of by-laws (to be prepared after the Land Use Scheme has been completed) will enable the municipality to control land use and apply to court to demolish any structure that is in contravention of its Land Use Scheme. This will contribute towards orderly and harmonious development.

The following spatial characteristics, issues and challenges impact on the future development of the Greater Kokstad Municipality and need to be taken forward in the IDP Process:

- Illegal occupation of land for informal housing purposes.
- Mushrooming of informal settlements on flood line and protected wetland areas.

- Kokstad town is presently not presenting a very good image for Greater Kokstad Municipality, due to the character of key infrastructure.
- There is minimal integration of environmental, land use and transport management system.
- A need exists to redirect growth and development to the previously disadvantaged areas and areas of economic opportunity while focusing on the redevelopment of deteriorating areas within the municipal area.
- There has been a substantial increase in the number of illegal small business operators that are conducting business from home without permission. This has given rise to traffic and safety problems as these areas were not designed for such purposes.
- Infrastructure like roads, electricity, and telephones, the main services are in the urban areas.

The Municipality adopted its SDF 2014/15 review on the 24 June 2015. Kokstad's IDP recognised a range of issues that will affect the implementation of the SDF. The areas covered in the IDP are wide ranging and link to most development sectors. This SDF goes a long way in addressing these. It does the following:

- It provides the framework for facilitating integrated development and planning in the municipal area.
- It creates a basis for interaction and support to affected communities and stakeholders.
- It prioritises the spatial dimensions of the Municipality's support strategies.

It sets the tone for a development-orientated framework of cooperation between public and private sector stakeholders in the municipal area albeit in an environment of very low development intensity.

| APPLICATIONS FOR LAND USE DEVELOPMENT | | | | | | |
|---------------------------------------|----------------------------|---------|----------|---------|-------------------|---------|
| Detail | Formalisation of Townships | | Rezoning | | Built environment | |
| | 2013/14 | 2014/15 | 2013/14 | 2014/15 | 2013/14 | 2014/15 |
| Planning application Received | 7 | 9 | 3 | 3 | 36 | 44 |
| Determination made in year of receipt | 7 | 6 | 3 | 1 | 28 | 37 |
| Determination made in following year | 0 | 3 | 0 | 2 | 8 | 7 |
| Applications withdrawn | N/A | N/A | N/A | N/A | N/A | N/A |
| Applications outstanding at year end. | 0 | 3 | 0 | 2 | 8 | 7 |

IMPLEMENTATION STRATEGY

The development and implementation of the SDF is built around the powers and functions of the Kokstad Local Municipality. It is important to recognise that the Municipality can only leverage development within the framework of its powers and functions. The key is that the implementation responsibility for land use and spatial development related matters are vested with the municipality.

The identification of projects linked or supporting the SDF

To give effect to the tone and directions provided in the SDF a number of interventions are proposed. Interventions are structured along the following priority lines:

- Strategic interventions that will affect the Council's operation for the next five years.
- These interventions need to be carried into the Council's IDP and from there into the MTREF, annual budgets and operational planning.
- Projects that were identified in the previous SDF and which need to be carried forward into this SDF.
- New projects that were identified to support the implementation of the SDF.

SUSTAINABLE DEVELOPMENT

The municipality is clearly under financial and institutional stress. The role of budgetary processes is recognised and the projects listed in this section are not necessarily an indication that they are priority projects. Project prioritisation is part of the IDP and budgetary processes. The projects put forward are interventions that are from a spatial planning point of view will contribute to the development of the area.

IMPLEMENTATION OF THE SDF SUPPORT

The SDF in its totality guides and aids decision-making on spatial development. However, in the processes of analysis and assessment a number of issues were identified that might go beyond the scope of the SDF itself and needs further attention from the Council.

Investment Plan Spatial Rational

| PROJECT 1 | | ASSET MANAGEMENT AND INFRASTRUCTURE INVESTMENT PLAN |
|-----------|--------------------|---|
| 1 | Project rationale: | The success with achieving the outcomes of the SDF will be measured in terms of improved service delivery. Sustainable service delivery will reflect on economic and institutional development. The ability to meet the needs of the community will largely depend on the Council's ability to improve its revenue base by optimising own revenue sources |

| | | |
|---|-------------------------|---|
| 2 | Objectives: | <ul style="list-style-type: none"> • To enhance the financial position of the Council through sustainable infrastructure and service delivery • To compile and maintain GRAP17 compliant asset registers • To draft the necessary asset management plans |
| 3 | Issues to be addressed: | <ul style="list-style-type: none"> • Extent of demand for new assets and renewal of existing assets • Assets as per GRAP17 requirements • The characteristics and extent of the Council's customer base <ul style="list-style-type: none"> o Changes in domestic customer units o Non-residential customers ▪ Expected long term changes in the customer base of the Council ▪ Current service delivery profiles and coverage ▪ Bulk design and firm capacities ▪ Demand for reticulated and bulk infrastructure ▪ Capital requirements and funding sources <ul style="list-style-type: none"> o New infrastructure o Renewal of existing infrastructure • Assessment of the operating account in terms of the impact of capital investment • Impact on the Council's revenue base through changes in household bills and cost recovery strategies. |
| 4 | Project outcome: | <ul style="list-style-type: none"> • GRAP17 compliant asset registers • Asset management plans • Revenue enhancement strategy and implementation plan • An integrated infrastructure investment plan to guide the Council to sustainable service delivery |
| 5 | Skills required: | <ul style="list-style-type: none"> ▪ Asset management ▪ Development planning ▪ Municipal infrastructure and service delivery ▪ Municipal finance ▪ GIS |
| 6 | Timeframe: | Eight months for implementation and a subsequent 3 years maintenance project |
| 7 | Budget: | <p>Project implementation R4 200 000</p> <p>Maintenance contract: R30 000 per month for three years (R3 600 000)</p> |

SDF implementation and Budget alignment

| PROJECT 2 | | SDF IMPLEMENTATION AND BUDGET ALIGNMENT |
|-----------|-------------------------|--|
| 1 | Project rationale: | The current discrepancies between various budgets are not acceptable and increase risks of non-delivery and non-performance for the Council |
| 2 | Objectives: | To establish the necessary support capacity over the next five years to ensure the implementation of the SDF |
| 3 | Issues to be addressed: | <ul style="list-style-type: none"> ▪ IDP and budget integration ▪ Implementation planning ▪ Timely procurement to ensure that targets are achieved ▪ Capacity building and skills transfer |

| PROJECT 2 | | SDF IMPLEMENTATION AND BUDGET ALIGNMENT |
|-----------|------------------|--|
| | | <ul style="list-style-type: none"> ▪ Monitoring and evaluation of implementation ▪ Performance management ▪ Annual SDF adjustments and updating |
| 4 | Project outcome: | SDF projects that are implemented according to budget and plan |
| 5 | Skills required: | <ul style="list-style-type: none"> ▪ Urban planner ▪ Municipal financial specialist ▪ Project management and procurement |
| 6 | Timeframe: | Five year maintenance contract on a retainer basis |
| 7 | Budget: | Maintenance contract at R15 000 per month for five years. (R900 000) |

FURTHER ISSUES REQUIRING ATTENTION

Notwithstanding the two projects and interventions listed above, the following issues warrants further attention:

1. The improvement of Hope and Main Street. These roads are the backbone of development and play a very important and local role. This includes:
 - a) The rehabilitation and upgrading of the road surface.
 - b) The development of detailed precinct plans for Kokstad and Franklin. These plans should have a strong focus not only on the spatial aspects but the quantification of the plans and a strong focus on integration with infrastructure needs and capacities in the nodes. This will feed from the infrastructure investment plans.

3.8. LOCAL ECONOMIC DEVELOPMENT

Various sites in the Greater Kokstad municipality are zoned for industrial development within Kokstad town, although most of these sites have been used mainly for warehouse and wholesale/retail activities. It is interesting to note that considerable opportunities exist in the Greater Kokstad municipality for extensive agri-business and Agri-processing initiatives, in particular in the form of value-addition and processing in the dairy sector (Greater Kokstad has a world class dairy farming capability) and the beneficiation of fruit and crop varieties suited to the local climate.

Most of the manufactured items within the municipality are imported. The development of manufacturing industries can prove to be a major boost in the economy of the municipality. One of the catalytic projects that have been identified to address this is the Light Industrial Park at the town of Kokstad to provide suitable manufacturing and trading space for emerging SMMEs.

The revitalisation of the old railway line that traverses the jurisdiction has the potential to contribute significantly to the location, development and extension of manufacturing and industrial activities within the Kokstad Town.

The major impediment to local economic development is that the municipality has been unable to allocate a budget for local economic development for the past two financial years. In addition, the 2015/16 budget makes no provision for a vote for the local economic development function.

Agriculture is an important sector for the Greater Kokstad Municipality economy. The municipality needs to consider the impact on agriculture on all other economic activity and identify ways to preserve and strengthen this sector as a viable economic mainstream. There are various levels at which the enhancement of this sector can target Agri-processing for the purposes of commercial production aimed at creating sustainable livelihoods and developing economic capacity. The “tried and tested” agricultural enterprises that dominate in the Greater Kokstad Municipality include:

Tried and Tested agricultural enterprises

| Livestock | Cropping | Viable alternative crop |
|------------------|-----------------|---|
| Dairy | Potatoes | Soya |
| Beef | Maize | Apples |
| Sheep | Vegetables | Berries, Essential oil |
| | | Stone Fruit, hazel Nut Production (successful hazelnut production under Ferrero Roche Nut Farm at Franklin) |

In 1998 dairy products contributed 41% to the Gross Agriculture Output of the sub region, followed by beef and maize, which contributed 18%. Sheep also made a significant contribution of 12%. The least contributors to Gross Agricultural Products were potatoes and cabbages, 3% and 6% respectively.

The tourism sector has enormous potential in the Greater Kokstad Municipality area and the municipality has identified the need to improve and enhance the tourism sector. At the moment there is a growing interest in the Greater Kokstad Municipal area for its environmental, cultural and off road experiences. This is an important economic sector in the municipality and requires careful stewardship of the environment by the municipality and government agencies. The tourism assets base for the Greater Kokstad Municipality is shown on the following table.

Tourism Asset Base

| | |
|------------------------------------|---|
| Primary Tourism Attractions | <p>The wetlands in the Franklin area for avi-tourism</p> <p>Singisi Forest for trails, avi-tourism, biking and hiking</p> <p>Nsiken Nature Reserve</p> <p>Mount Currie Nature Reserve</p> <p>Cultural Heritage Experiences</p> <p>Local museums – Kokstad Museum</p> <p>Monuments and sites of historic interest – Adam Kok’s Monument and laager / Religious sites (multi denomination places of worship / Kokstad Town hall Precinct (with bandstand and CMR Memorial) / Scouts Monument</p> <p>Hiking trails – 9 Venues</p> <p>Horse trails – 4 Venues</p> <p>Duck hunting at Franklin</p> |
|------------------------------------|---|

| | |
|--------------------------------------|---|
| | Aqua sports at Crystal Spring Dam Fly fishing under auspices of angling clubs Sports (multi venue) |
| Secondary Tourism Attractions | Agro tourism – farm stay Event Based tourism Cycling Triathlon – Crystal Springs Multi activity at various venues / facilities |
| Visitors Facilities | Visitors Information outlets at Mt Currie Inn, Swartberg and Kokstad Museum Accommodation: B&B (+_45), Hotel (1), Self-catering (5), Lodges (5) Hard infrastructure – access roads and signage Essential services – hospitals, medical, breakdown, police, banking |





Pictures of the Shayamoya Eco Park in June 2015

MANUFACTURING AND INDUSTRIAL OPPORTUNITIES





The Newly Developed Light Industrial park

SERVICES (SMALL TOWN REHABILITATION PHASE 2)



This section reviews the role of retail, trade and other services in the Greater Kokstad CBD. A consumer survey was done in July 2011 over 5 days at the Kokstad CBD it details the results of over 100 Consumer questionnaires. Only 34% of consumers interviewed in Kokstad actually live in Kokstad. A large 66% came from other areas to shop in Kokstad. Approximately half of those came from areas in the Eastern Cape. This shows that Kokstad town serves as a 'shopping mall' for people from other areas. This is excellent for GKM's economy and is currently a major driver of economic growth. It is vital that this advantage is maintained and that development continues to flow into the services sector. Over 30% of consumers were in town to do bulk or top-up grocery shopping. 18% were there to buy clothes and shoes, while 13% were there for work reasons. The majority of people who stated a second reason for being in town included shopping for clothing and shoes and work as their reasons. This graph shows the importance of supermarket outlets in Kokstad in attracting

people to Kokstad. The creation and retention of small, locally owned supermarkets could serve to harness some of the benefits of this economic activity. The supply of locally grown produce to these retailers should also be investigated. The graph also shows the wide variety of activities that are undertaken in Kokstad. Further expansion and diversification of the tertiary sector should be encouraged as there is a demand. Interviews suggested that there is not a supply of furniture and home decoration stores in Kokstad.

It was found that everyone who lives in Kokstad uses Kokstad for all these items/services except for entertainment – 6% of people who live in Kokstad travel to Durban for entertainment and 3% travel to Port Shepstone. This shows that there is potential to develop an entertainment sector within Kokstad as there is a demand that is going elsewhere to purchase. This desire for entertainment was picked up throughout telephonic interviews as well. After dark, Kokstad has almost no activity. This lack of entertainment also includes day time activities for children and adults such as sports clubs, hobbies and recreational parks. The new sports complexes in Bhongweni and Shayamoya should serve to relieve some of this demand. However, while it is clear that there is some demand, the question of whether there is sufficient demand and willingness to pay in order to sustain a viable business opportunity needs to be further investigated.

COMPONENT D – COMMUNITY AND SOCIAL SERVICES

This component includes: libraries; community halls; cemeteries, stadiums, public toilets, parks, pound management and Operation Sukuma Sakhe.

There is a serious shortage of the above mentioned services and the existing facilities need frequent repairs because they cannot cope with the number of people that visit them. The department of public works provided funding to employ staff to assist in the maintenance of the facilities.

3.9. LIBRARIES, GALERIES AND COMMUNITY FACILITIES

There are two libraries in Greater Kokstad Municipality, one in Kokstad Town and the other is in Bhongweni. The municipality has also established a satellite library on 18 July 2014 in the rural area of Kransdraai. Kokstad Library has a capacity of 50 seated persons and Bhongweni library has a capacity of 43 seated people. There are computers with internet and computer assistant in both libraries. The department of Arts and Culture has provided funding to assist the municipality improves the library service.

The libraries are inadequate as they are too small and Kokstad is too vast. Library services offer career development activities with schools and work in association with some sector departments in dissemination of information related to health, HIV/Aids awareness and sports development.

COMMENT ON THE PERFORMANCE OF LIBRARIES & COMMUNITY FACILITIES

3.10. CEMETORIES

There are 3 cemeteries in Kokstad. The first cemetery is in Bhongweni and is already closed since it is full. The other cemeteries are in Kokstad town and Franklin town. The municipality provides subsidized funeral services to indigent households after their applications have met the criteria and are approved by the Council. To ensure the roll-out of free basic services the municipality budgeted an amount of R5 000 000.00 in its 2014/15 financial year budget.

COMPONENT E – CORPORATE POLICY OFFICES AND OTHER SERVICES

3.11. EXECUTIVE AND COUNCIL

The executive office is established in terms of chapter 4, Sections 42-82, of the Internal Structures and Functions and Part 1, Sections 42-53, of Executive Committees of the Local Government Municipal Structures Act, Act No.117 of 1998.

There are various programmes that were designed for the Councillors in terms of capacitating their roles and responsibilities

3.12. FINANCIALS

All our financial policies were reviewed for the 2014/2015 financial year. The municipality initiated a data cleansing exercise of the billing information as one of the initiatives to ensure an improved revenue collection.

3.13. HUMAN RESOURCES MANAGEMENT

Despite the fact that there was no budget to train staff the municipality still managed to trained 50 staff members during the year. Due to moratorium place since 2012 all vacant posts could not be filled except for the post of Executive Manager Corporate Services.

3.14. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Issues that were highlighted by Auditor-General were all attended to including storage access network. The municipality is conducting a comprehensive study on the ICT Risk Methodology and functioning in the 2015/ 16 financial year which will talk to the current challenges relating to ICT. There is a high lack of ICT personnel since the resignation of senior personnel that left a vacuum and overload of work and non-segregation of duties. Most of the ICT projects could not be implemented in the financial year due to budgetary constraints.

3.15. PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT

The Legal Section is located within the Office of the Municipal Manager. However, other legal services are outsourced as when needed. Risk Management and Procurement are crucial aspects at Greater Kokstad Municipality to ensure an effective, efficient and transparent system of risk management and financial management.

3.16. ORGAISATIONAL SCORECARD

The Organisational Scorecard is attached to this report as an annexure in an excel spreadsheet.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFROMANCE REPORT PART II)

The Municipality's organogram was adopted by Council in the 2013/14 financial year. Key critical posts namely, Supply Chain Manager, Manager Expenditure, ICT Co-ordinator and IDP and PMS Manager and Co-ordinator remains vacant for the past two financial years due to moratorium Council placed on all vacant posts and have also not been budgeted for in the 2015/16 financial year, which results in non-segregation of duties and work overload.

We also had 4 x retirements, 1 x dismissal, 16 x resignations 1 x end of contract and 6 x deceased staff members. Through the MFIG we employed five (5) finance interns for the duration of two years.

INTRODUCTION TO THE MUNICIPAL WORKFORCE

4.1. EMPLOYEE TOTAL, TURNOVER AND VACANCIES

The EE Plan is developed and implemented in accordance with the Employment Equity Act No. 55 of 1998. The EE Report has been submitted to the Department of Labour. The table below illustrates statistical information for human resources as at 30 June 2015 employment equity.

| Employee Totals and Vacancies | | | | | |
|--|------------------|-----------------------|------------------|------------------|-------------|
| Department | 2013/14 | 2014/15 | | | |
| | No. of Employees | No. of Approved Posts | No. of Employees | No. of Vacancies | Vacancies % |
| Council & Executive | | | | | |
| Finance | | 37 | 16 | 21 | 56.7% |
| Office of the Municipal Manager | | 26 | 20 | 6 | 23% |
| Community Development Services | | 202 | 153 | 49 | 24% |
| Corporate Services | | 52 | 39 | 13 | 25% |
| Infrastructure, Planning & Development | | 179 | 126 | 53 | 30% |
| Totals Permanent Staff | | 496 | 354 | 142 | |

Table: Employment Equity

| Target Group | Employment Equity Per Race and Gender | Employment Equity Per Disabilities |
|---|---------------------------------------|------------------------------------|
| African Female | 133 | 0 |
| African Male | 197 | 1 |
| Coloured Male | 23 | 0 |
| Coloured Female | 12 | 0 |
| Indian Female | 0 | 0 |
| Indian Male | 0 | 0 |
| White Female | 1 | 0 |
| White Male | 4 | 0 |
| Total (Inclusive of Councillors) | 370 | 1 |

COMPONENT B – MANAGING THE MUNICIPAL WORKFORCE

4.3. COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATION

In terms of the Minimum Competency Regulations, the following table indicates the number of unit standards required to be confirmed as competent for the various levels of officials as follows:

| Grouping of Official per NT Regulations | Number of Unit Standards to be covered |
|---|--|
| Accounting Officer (Municipal Manager) | 18 |
| Chief Financial Officer | 21 |
| Senior Managers | 16 |
| Deputy Chief Financial Officer | 15 |
| Supply Chain Managers | 15 |
| Finance Management Interns | 19 |
| Middle Management | 15 |

The following table is a **screenshot** proof that the municipality submitted a consolidated report on compliance with prescribed competency levels by 30 January and 30 July 2015 to Provincial and National Treasury.

MFMA: MUNICIPAL REGULATIONS ON MINIMUM COMPETENCY LEVELS

SIX MONTHLY IMPLEMENTATION REPORT: SCHEDULE

Every municipality must submit this schedule to National Treasury disclosing for the 6 months ending 31 December and 30 June:

1. the total number of financial and supply chain management officials employed by the municipality and each of its municipal entities, and of those officials;
2. how many have undertaken a competency assessment, and
3. how many have complying performance agreements, including the attainment of competencies as a performance target.
4. Should you wish to provide additional information please include comments in the box below or forward a separate letter to the

National Treasury MFMA Implementation Unit, Private Bag X115, Pretoria, 0001.

The schedule must be submitted no later than one month after the 6 month period end (i.e. 30 January and 30 July). No extension of time will be given. This information must also be reflected in the municipality's Annual Report as at the end of the financial year to which the report relates. A municipal entity must submit its information to the parent municipality no later than 20 January and 20 July and also reflect this in its own Annual Report.

To save the file press the following keys at the same time with Caps Lock off: Ctrl-Shift-S. Save file as: Muncde_COM_ccyy_Sn.xls (e.g. GT411_COM_2008_S1.xls)

The electronic return must be emailed to lgdatabase@treasury.gov.za.

DECLARATION: The Municipal Manager/ Chief Executive Officer certifies this to be a true and accurate record of the implementation of the MFMA Municipal regulations on Competency Levels for officials in the municipality and/ or municipal entity for the six month period.

| | | | |
|------------------------------|-----------------|--------------------|---------------------------------|
| Municipal Manager/ CFO name: | Mr .Z. J Mkhize | Email: | zamokuhle.mkhize@kokstad.org.za |
| Telephone: | 039 797 6601 | Date (ccyy/mm/dd): | 2015/07/21 |
| Mun Code: | KZN433 | Municipality Name: | Greater Kokstad |
| Financial Year: | 2014/15 | Six Month Period: | S2 Jan - June |

| Description | A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)) | Consolidat ed: Total of A and B | Consolidat ed: Competenc y assessmen ts complet ed for A and B (Regulation 14(4)(b) and (d)) | Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
|---|--|---|---------------------------------------|--|--|--|
| Financial Officials | | | | | | |
| <i>Accounting officer</i> | 1 | 0 | 1 | 0 | 1 | 0 |
| <i>Chief financial officer</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Senior managers</i> | 1 | 0 | 1 | 0 | 1 | 0 |
| <i>Any other financial officials</i> | 2 | 0 | 2 | 0 | 2 | 0 |
| Supply Chain Management Officials | | | | | | |
| <i>Heads of supply chain management units</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Supply chain management senior managers</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 4 | 0 | 4 | 0 | 4 | 0 |
| Comments | | | | | | |

Table: Workforce Levels

| Position/ Category | No. Of Staff | Permanent/ Contract | Gender | | Race | | | |
|-----------------------|--------------|------------------------------|--------|-----|------|----|---|---|
| | | | M | F | A | C | I | W |
| Municipal Manager | 1 | Contract | 1 | 0 | 1 | 0 | 0 | 0 |
| S57 Managers | 3 | Contract | 2 | 1 | 3 | 0 | 0 | 0 |
| Supervisors/ Managers | 61 | Contract and permanent | 35 | 26 | 47 | 10 | 0 | 4 |
| Other | 289 | Permanent | 177 | 112 | 264 | 24 | 0 | 1 |
| Total | 354 | | 215 | 139 | 315 | 34 | 0 | 5 |

4.2. POLICIES

| HR Policies and Plans | | | | |
|-----------------------|---|----------------|---------------|---|
| | Name of Policy | Completed % | Reviewed % | Date adopted by Council or comment on failure to adopt |
| 1 | Affirmative Action | 100% | 100% | 27 June 2013 |
| 2 | Attraction and Retention | 100% | 100% | 27 June 2013 |
| 3 | Basic Conditions of Employment | 100% | 100% | 27 June 2013 |
| 4 | Benefits policy | 100% | 100% | 27 June 2013 |
| 5 | Code of Conduct for Employees | 100% | 100% | 27 June 2013 |
| 6 | Delegations, Authorisation & Responsibility | | | |
| 7 | Disciplinary Code | 100% | 100% | 27 June 2013 |
| 8 | Employment Equity Policy | 100% | 100% | 27 June 2013 |
| 9 | Exit policy | 100% | 100% | 27 June 2013 |
| 10 | Grievance Procedures | 100% | 100% | 27 June 2013 |
| 11 | HIV/Aids | 100% | 100% | 27 June 2013 |
| 12 | Human Resource Development | 100% | 100% | 27 June 2013 |
| 13 | Information Technology | | | |
| 14 | Job Evaluation | | | |
| 15 | Leave | 100% | 100% | 27 June 2013 |
| 16 | Occupational Health and Safety | | | |
| 17 | Official Housing | | | |
| 18 | Official Journeys | | | |
| 19 | Official Transport to attend Funerals | | | |
| 20 | Official Working Hours and Overtime | 100% | 100% | 27 June 2013 |
| 21 | Organisational Rights | | | |
| 22 | Payroll Deductions | | | |
| 23 | Performance Management and Development | 100% | 100% | 27 June 2013 |
| 24 | Recruitment, Selection and Appointments | 100% | 100% | 27 June 2013 |
| 25 | Remuneration Scales and Allowances | 100% | 100% | 27 June 2013 |
| 26 | Resettlement | 100% | 100% | 27 June 2013 |
| 27 | Sexual Harassment | 100% | 100% | 27 June 2013 |
| 28 | Skills Development and Training | 100% | 100% | 27 June 2013 |
| 29 | Smoking | | | |
| 30 | Special Skills | | | |
| 31 | Work Organisation | | | |
| 32 | Uniforms and Protective Clothing | | | |
| 33 | Other: | | | |

4.3. INJURIES, SICKNESS AND SUSPENSION

| Number of Cost and Injury on Duty | | | | | | |
|-----------------------------------|----------------------|--------------------|------------------------------|---------------------------------------|----------------------------|----------------------|
| Type of injury | No of people injured | Injury leave taken | Employees using injury leave | Proportion employees using sick leave | Average leave per employee | Total estimated cost |
| | | Days | No. | % | Days | R'000 |
| Required medical attention only | 9 | 0 | 0 | 0 | 0 | 0 |
| Temporary total disablement | 0 | 0 | 0 | 0 | 0 | 0 |
| Permanent disablement | 0 | 0 | 0 | 0 | 0 | 0 |
| Fatal | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 9 | 0 | | | | |

| Number and period of Suspensions | | | | |
|----------------------------------|------------------------------|---------------------|--|----------------|
| Position | Nature of Alleged Misconduct | Date of Suspension | Details of disciplinary action taken or status of case and reasons why not finalised | Date finalised |
| Cashiers x 3 | Fraud | 01/11/2014 | Dismissed then re - instated and the suspended in Nov 2014 | ongoing |
| Supervisor Licencing x 1 | Fraud | Resigned April 2014 | Criminal Case opened | ongoing |
| | | | | |

| Performance Rewards by Gender for 2014/2015 | | | | | |
|---|---------------------|--------------------------------------|-------------------------|---|---|
| Designations | Beneficiary Profile | | | | |
| | Gender | Total Number of employees in a group | Number of Beneficiaries | Expenditure on rewards 2014/15 R'000 | Proportion of beneficiaries within group % |
| Lower Skilled (Level 14-16) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Skilled (Level 11-13) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Highly Skill production (level 8-10) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Highly Skilled Supervision (Level 5-7) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Management (Level 2-4) | Female | 7 | 7 | 438478.21 | 100% |
| | Male | 15 | 15 | 1155458.38 | 100% |
| MM and S57 | Female | 1 | 1 | 48140.00 | 100% |
| | Male | 4 | 3 | 132873.43 | 75% |
| Total | | 27 | 26 | 1774950.04 | |

COMPONENT C – CAPACITATING THE MUNICIPAL WORKFORCE

MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

4.4. SKILLS DEVELOPMENT AND TRAINING

| Skills Matrix | | | | | | | | | | | | | | |
|--|--------|---------------------------------------|--|----------------------|-------------------|---|----------------------|-------------------|-------------------------|----------------------|-------------------|----------------------|----------------------|-------------------|
| Management Level | Gender | Employees in posts as at 30 June 2014 | Number of skilled employees required and actual as at 30 June 2015 | | | | | | | | | | | |
| | | | Learner-ships | | | Skills Programmes & other short courses | | | Other forms of training | | | Total | | |
| | | No. | Actual: End Of 13/14 | Actual: End of 14/15 | 2014/ 2015 Target | Actual: End Of 13/14 | Actual: End of 14/15 | 2014/ 2015 Target | Actual: End Of 13/14 | Actual: End of 14/15 | 2014/ 2015 Target | Actual: End Of 13/14 | Actual: End of 14/15 | 2014/ 2015 Target |
| MM and S54 and S56 | Female | 1 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 |
| | Male | 4 | | 0 | 0 | | 2 | 0 | | 0 | 0 | | 2 | 0 |
| Councillors, senior officials and managers | Female | 11 | | 0 | 0 | | 3 | 2 | | 0 | 0 | | 3 | 2 |
| | Male | 19 | | 0 | 0 | | 5 | 3 | | 0 | 0 | | 5 | 3 |
| Technicians and associate professionals | Female | 4 | | 2 | 0 | | 0 | 3 | | 0 | 0 | | 0 | 3 |
| | Male | 17 | | 1 | 0 | | 3 | 5 | | 0 | 0 | | 3 | 5 |
| Professionals | Female | 13 | | 0 | 0 | | 3 | 3 | | 0 | 0 | | 3 | 3 |
| | Male | 7 | | 0 | 0 | | 1 | 3 | | 0 | 0 | | 1 | 3 |
| Other | Female | 122 | | 30 | 0 | | 18 | 58 | | 0 | 0 | | 18 | 58 |
| | Male | 198 | | 26 | 0 | | 15 | 115 | | 0 | 0 | | 15 | 115 |
| Total | | 396 | | 56 | 0 | | 50 | 192 | | 0 | 0 | | 50 | 192 |

COMPONENT D – MANAGING THE MUNICIPALITY WORKFORCE EXPENDITURE

4.5. EMPLOYEE EXPENDITURE

The table and graph below illustrate the employee expenditure over the period of three years

Table: Employee Expenditure

| Financial Years | Employee Costs |
|-----------------|----------------|
| 2012/2013 | 89,912,658 |
| 2013/2014 | 87 053 371 |
| 2014/2015 | 85 423 411 |

CHAPTER 5 – FINANCIAL PERFORMANCE

The aim of this chapter is to provide an overview of the financial performance of the municipality through measuring of result also to provide with an opportunity for planning to ensure that the future budgetary allocations are brought in line with IDP and functional area activities and outputs.

This chapter is divided into four sections:

- 5.1. Section A: Statement of Financial Performance
- 5.2. Section B: Spending against Capital Budget
- 5.3. Section C: Cash Flow Management and Investment
- 5.4. Section D: Other Financial Matters

Please refer to Annexure A: Audited Annual Financial Statements

Auditor-General of South Africa

Greater Kokstad Municipality -
Audit report 2014-15

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the Council on Greater Kokstad Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Greater Kokstad Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Greater Kokstad Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Material debt impairments

7. As disclosed in note 3 to the financial statements, material debt impairment of R25,79 million {2013-14: R23,01 million} were incurred as a result of the annual review of outstanding consumer debtors.

Report on other legal and regulatory requirements

8. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

9. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the infrastructure planning and development objective presented in the annual performance report of the municipality for the year ended 30 June 2015.
10. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
11. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by

the National Treasury's *Framework for managing programme performance information*.
12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objective.

Additional matter

14. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objective, I draw attention to the following matter:

Achievement of planned targets

15. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year.

Compliance with legislation

16. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

17. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, disclosure items and the cash flow statement identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Assets management

18. An effective system of internal control for assets was not in place, as required by section 63(2) (c) of the MFMA.

Consequence management

19. Council certified irregular, fruitless and wasteful expenditure as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2) (a) (ii) of the MFMA.

Internal control

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

21. Leadership did not perform adequate oversight to ensure fair presentation of the annual financial statements and compliance with key legislation due to vacancies in key posts and slow responses by management in addressing prior year recommendations.

Financial management

22. Management had not implemented adequate monitoring controls to ensure that the municipality complies with all key laws and regulations. In this regard, a proper system of records management that supports asset disclosure in the financial statements was not implemented.

Other reports

Investigations

23. Kwazulu-Natal Provincial Treasury performed two investigations at the request of the municipality which covered the periods 2012-13 and 2013-14, respectively. The investigations were initiated based on an irregular award to a service provider and an allegation of possible cash theft by municipal employees. These investigations were still in progress at year-end.

Auditor - General

Pietermaritzburg

27 November 2015



AUDITOR - GENERAL
SOUTH AFRICA

*Auditing to build public
confidence*

GLOSSARY

| | |
|------------------------------------|--|
| Accessibility indicators | Explore whether the intended beneficiaries are able to access services or outputs. |
| Accountability documents | Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports. |
| Activities | The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do". |
| Annual Report | A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General. |
| Approved Budget | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive. |
| Baseline | Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period. |
| Basic municipal service | A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment. |
| Budget year | The financial year for which an annual budget is to be approved – means a year ending on 30 June. |
| Financial Statements | Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed. |
| General Key performance indicators | After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally. |
| Inputs | All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings. |

| | |
|--------------------------------|--|
| Integrated Development Plan | Set out municipal goals and development plans. |
| National Key performance areas | <ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation |
| Outcomes | The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve". |
| Outputs | The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area. |
| Performance Indicator | Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered) |
| Performance Information | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure. |
| Performance Standards: | The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor. |
| Performance | The level of performance that municipalities and its employees strive to |

| | |
|---|--|
| Standards: | achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period. |
| Service Delivery Budget Implementation Plan | Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included. |
| Vote: | <p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</p> |

ANNEXURE

1. Organisational Scorecard
2. 2014/15 Annual Performance Report